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# USSR Report

INTERNATIONAL AFFAIRS

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19 DECEMBER 1986

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# WORLDWIDE TOPICS

## OVERVIEW OF USSR FOREIGN TRADE TIES PRESENTED

Moscow AGITATOR in Russian No 16, Aug 86 pp 31-34

/Unsigned article under the "Figures, Facts, Arguments" rubric: "The Foreign Economic Ties of the USSR"7

/Text7 Solution of the problems of developing the national economy during the 12th Five-Year Plan demands broad utilization of the advantages of the international division of labor, economic and scientific and technical collaboration with foreign countries, and activation of all foreign economic ties.

### Trade

Foreign trade is making a heavy and steadily growing contribution to development of the Soviet economy. During the years of the past five-year plan, the foreign trade turnover of the USSR, measured in current prices, grew 1.5-fold, and during the past 15 years it has almost doubled. Our country is a trading partner of 145 nations.

Figure 1. Growth in the Volume of USSR Foreign Trade (in billions of rubles)

(1) Страны		(2) январь — декабрь	
		(3) 1980 г.	(4) 1985 г.
(5) Всего . . . . .	(6) оборот	94,10	141,6
(7) с социалистическими странами . . . . .	оборот	50,55	86,49
(8) в том числе со странами — членами СЭВ . . . . .	оборот	45,78	77,69
(9) с промышленно развитыми капиталистическими странами . . . . .	оборот	31,58	37,85
(10) с развивающимися странами . . . . .	оборот	11,96	17,23

Key:

- |                     |   |
|---------------------|---|
| 1. Countries        | 6. turnover   |
| 2. January-December | 7. with the socialist countries                     |
| 3. 1980             | 8. of which, with CEMA member countries             |
| 4. 1985             | 9. with industrially developed capitalist countries |
| 5. Total            | 10. with the developing countries                   |

In 1985, 61.1 percent of all USSR foreign trade turnover was with the socialist countries. During the 11th Five-Year Plan, trade with the socialist countries increased by 70.9 percent. Trade agreements signed with the CEMA countries stipulate that the volume of mutual trade will increase by 30-70 percent during the 12th Five-year Plan, as compared with 1981-1985, depending upon the specific conditions of collaboration with each country. In all countries, special attention is being devoted to increasing the quality of output and to its competitiveness on world markets.

Figure 2. The most important trading partners among the socialist countries belonging to CEMA

(1)	ГДР — товарооборот в 1985 году	15,2	миллиарда рублей
(2)	ЧССР	13,4	миллиарда рублей
(3)	НРБ	12,5	миллиарда рублей
(4)	ПНР	12,0	миллиарда рублей
(5)	ВНР	9,4	миллиарда рублей

Key:

1. GDR -- commodity turnover of 15.2 billion rubles in 1985
2. Czechoslovakia -- commodity turnover of 13.4 billion rubles in 1985
3. Bulgaria -- commodity turnover of 12.5 billion rubles in 1985
4. Poland -- commodity turnover of 12.0 billion rubles in 1985
5. Hungary -- commodity turnover of 9.4 billion rubles in 1985

During 1985, USSR commodity turnover with Cuba came to about 8 billion rubles, with Romania to 4.2 billion rubles, with Mongolia to 1.5 billion rubles and with Vietnam to 1.4 billion rubles.

During 1986-1990, commodity turnover between the USSR and Hungary will grow by more than 30 percent in comparison with the preceding five-year period and will exceed 51 billion rubles.

Turnover with Vietnam will increase 1.7-fold.

Trade with Poland will grow by 46 percent and will amount to 74 billion rubles.

The creation of joint economic organizations represents a new form of collaboration. For example, a joint Soviet-Hungarian enterprise is being established for the manufacture of medical equipment in the Hungarian city of Estergom. On the Hungarian side, the Medikor association is assuming a 50 percent share in organizing the new plant, while the Ministry of Instrument Making, Automation Equipment and Control Systems (Minpribor) is doing the same from the Soviet side. The products produced by the enterprises are designated for domestic use and for export.

Foreign trade is participating directly in raising the living standards of the Soviet people and is making it possible to substantially expand the variety and supplement the market supply of industrial goods and foodstuffs for popular consumption. Our relationships with the socialist countries will continue to be built on a long-term, planned basis and the process of increasing international contacts will be speeded up.

More than 100 developing countries are trading partners of our country. During the past five-year plan, commodity turnover with them increased 1.5-fold and reached 17.3 billion rubles in 1985, which amounts to 12.2 percent of total USSR foreign trade turnover for that year. The Soviet Union is helping developing countries to consolidate their national economies and to overcome the legacy of colonialism. The structure of Soviet exports and imports in trade with them is built taking these requirements into account.

Figure 3. The most important trading partners among the developing countries

(1) Индия — товарооборот в 1985 году — 3,1 миллиарда рублей	
(2) Аргентина _____	1,3 _____
(3) Ливия _____	0,96 _____
(4) Афганистан _____	0,87 _____
(5) Ирак _____	0,82 миллиарда рублей

Key:

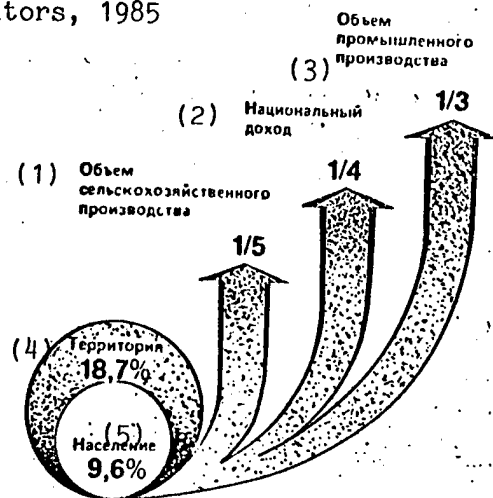
1. India -- commodity turnover of 3.1 billion rubles in 1985
2. Argentina -- commodity turnover of 1.3 billion rubles in 1985
3. Libya -- commodity turnover of 0.96 billion rubles in 1985
4. Afghanistan -- commodity turnover of 0.87 billion rubles in 1985
5. Iraq -- commodity turnover of 0.82 billion rubles in 1985

Our country exports machinery and equipment, petroleum and petroleum products, means of transportation, rolled ferrous metals, and chemical and other products to the developing countries.

From the developing countries the USSR makes all its foreign purchases of natural rubber, cocoa beans and coffee and largest part of its purchases of cotton fiber, fine raw leather, tin, bauxite, phosphates, tea and citrus fruits. Finished and semi-finished manufactured products are occupying an increasingly large place in imports from these countries.



Figure 4. The share of the CEMA member countries in world totals for the most important indicators, 1985



Key:

1. Volume of agricultural production
2. National income
3. Volume of industrial production
4. Territory
5. Population

Long-term agreements provide a stable basis for developing mutually beneficial trade with the young independent nations. These determine the volume, character, and basic directions of USSR trade relations with them.

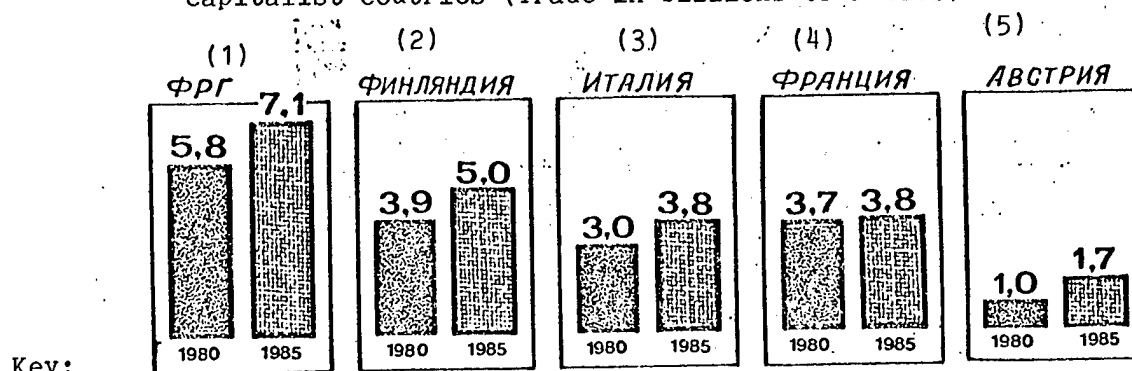
"To develop stable trade, economic and scientific and technical ties with interested capitalist countries on the basis of mutual benefit and equal rights, to improve the forms of cooperation with them" -- this is a task set forth in the Basic Directions of the Economic and Social Development of the USSR during 1986-1990 and in the Period to the Year 2000.

Despite the difficult conditions created by the US and certain other capitalist countries, commodity turnover with the western countries grew somewhat during the 11th Five-year Plan. During this period, the volume of USSR trade with the entire group of developed capitalist countries increased by 19.6 percent.

Trade and economic ties are being successfully developed with Finland. An agreement on trade and payments for the period 1986-1990 envisages an increase in commodity turnover to 28 billion rubles, as against 25 billion during 1981-1985. Mutual trade will come to more than 5 billion rubles in 1986.

Long-term agreements for annual deliveries by Austria to the USSR of 250,000-300,000 tons of cold-rolled steel structural sheeting, of 188,000-200,000 tons of steel stripping (a product used for producing large-diameter pipe), and 200,000 tons of petroleum-grade pipe have been extended to the year 1990.

Figure 5. The most important trading partners of the USSR among the capitalist countries (Trade in billions of rubles)



1. FRG
2. Finland
3. Italy
4. France
5. Austria

#### Scientific and Technical Collaboration

Today there is not a country which can solve all technological problems on its own. Mutually beneficial collaboration in the area of developing science and technology, the joint creation of enterprises and the exchange of experience help to do this.

#### With the Socialist Countries

Fruitful collaboration of the fraternal socialist countries supposes a change within the economic relations between them from ties of trade to a deeper specialization and cooperation in production, first of all, in machine building and the creation of joint associations and scientific production complexes.

This will be facilitated by consistently carrying out the decisions of the Economic Summit Conference of the CEMA Member Countries in 1984 and by carrying out the Complex Program for the Scientific and Technical Progress of the CEMA Member Countries to the Year 2000.

Based on the united efforts of the fraternal socialist countries, all members of the socialist commonwealth are speeding up the development of nuclear power. During the current five-year plan, 15 power units with a total capacity of more than 8 million kilowatts will be put into operation in the European socialist countries and the Republic of Cuba.

In the Ukraine, in the vicinity of Krivoy Rog, construction is in progress of a mining and enrichment combine for the extraction of 30 million tons of oxidized quartzite and the production of 12.8 million tons of cast iron from it. This is a joint project of Hungary, Czechoslovakia, the GDR, the USSR, and also Romania.

The cooperation of the Leliya association in Lithuania with the Erfurt Sewing Combine (GDR) and the Debrecen Sewing Factory (Hungary) has made it possible to introduce technical innovations at Leliya, annual savings from the realization of which amount to about 155,000 rubles.

In November 1985, Czechoslovakia delivered its 5000th ChME-3 diesel locomotive to the USSR. All of them were manufactured by the ChKD Lokomotivka-Sokolovo plant.

#### With the Developing Countries

The Soviet Union is trying to give a long-term and stable character to relations and to diversify forms of cooperation with these countries. This cooperation is realized through general subcontractor and compensation agreements, and the purchasing of products from enterprises built with aid from the USSR; this helps the growth of exports from these countries.

The relationships of the Soviet Union with the developing states is fundamentally different from the predatory policies of imperialism toward these countries. The USSR and other socialist countries are striving to restructure the entire system of international relations on democratic principles and to establish a new world economic order.

The productive capacities of enterprises set up and equipped in the young liberated countries with the help of the CEMA countries are making it possible every year to smelt more than 30 million tons of steel, to extract more than 70 million tons of petroleum and 50 million tons of coal, and to produce more than 100 billion kilowatt hours of electric power.

The Soviet Union has intergovernmental agreements on economic and technical cooperation with 37 African countries. With USSR participation, more than 330 projects have been built and put into operation in the countries on the African continent and about 300 are being built or are about to be built.

## With Developed Capitalist Countries

The USSR is cooperating with developed countries of the West in the sphere of construction of industrial facilities, renovation of existing enterprises, and development of the agro-industrial complex.

Industrial cooperation is one of the most progressive forms. It is conducted with firms of the following countries: Finland -- in the production of paper-making equipment, electric locomotives, and strip-building; FRG -- in the production of metal cutting machine tools with numerical control and construction machinery; Austria -- in the production of welding equipment.

A series of agreements with Japan have resulted in a large-scale reciprocal scheme to exploit the extensive forested regions of the Soviet Far East. This year 12 million cubic meters of commercial lumber is to be delivered to Japan. Japan has agreed to supply the USSR with lumber-hauling and construction technology as well as a plant for the production of splint-slab sheets.

Business groups in many Western countries would like to establish broader economic contacts with us. I think it is simply irrational, therefore, when politicians try to place limitations on this natural desire for business exchange under the guise of "punishment" of one of the partners. "Such policies have long outlived their usefulness," declared M. S. Gorbachev at the November 1985 session of the USSR Supreme Soviet.

The USA and its NATO allies are doing all they can to slow mutually advantageous cooperation with the USSR. For political reasons they are employing a variety of discriminatory measures such as embargoes and trade and credit restrictions. In 1984 COCOM (the Coordination Committee for Export Controls to Socialist Countries) adopted additional restrictions as a result of pressure from the USA. Washington, meanwhile, ignored the economic interests of the Western European countries and demonstrably infringed on their sovereignty.

This policy, as history shows, lacks foresight. The USSR and the socialist countries have all they need to withstand any pressure and discriminatory measures, as well as all attempts to interfere with their development.

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CSO: 1825/003

WORLDWIDE TOPICS

USSR ISSUES NEW DECREES ON FOREIGN ECONOMIC RELATIONS

Moscow EKONOMICHESKAYA GAZETA in Russian No 40, Oct 86 p 10

/Unsigned article: "On Measures to Basically Improve Foreign Economic Activity"/

/Text/ The CPSU Central Committee and the USSR Council of Ministers have passed decrees "On Measures to Improve the Management of Foreign Economic Ties" and "On Measures to Improve the Management of Economic and Scientific and Technical Collaboration with the Socialist Countries." These call for a number of important measures in this sphere. They are a part of a thorough-going restructuring of the USSR economic mechanism being carried out in accordance with the decisions of the 27th CPSU Congress.

During the postwar period, the Soviet Union has emerged on a broad scale in the world market and has achieved a significant expansion of its foreign economic activity. The USSR is taking an active part in the process of integration taking place within the framework of the socialist commonwealth and more than half of its foreign trade turnover is with the socialist countries. Multilateral trade and economic relations have been established with the developing countries and with the countries of the West. Participation in the international division of labor is becoming an increasingly important factor in developing the Soviet national economy.

At the same time, the scales, structure and forms of trade, scientific and technical and production relations, as they have developed, have come into conflict with the requirements of intensifying the national economy and of accelerating scientific and technical progress. This has become especially evident against a background of profound change in international economic relationships under the influence of the scientific and technical revolution.

The share of the USSR in world trade does not correspond to the level and requirements of economic development achieved by our country.

The export potential of machining industry, particularly of machine building, is not being utilized satisfactorily. The transition to broad scientific and technical and production cooperation has been going slowly.

To a large degree, the situation that has developed is a consequence of antiquated methods of managing foreign economic activity and of a lack of sufficiently close ties between industry and foreign trade. Production associations and enterprises have actually been shunted aside from direct participation in foreign economic activity and socialist economic integration.

For purposes of improving management of the foreign economic complex and of improving the level of coordination in the work of ministries, departments and organizations which are involved in trade and economic, financial and currency, and scientific and technical relations with foreign countries, a State Foreign Economic Commission of the USSR Council of Ministers has been created. It is assigned the functions of directing the activity of the foreign economic ministries and departments in their conduct of foreign economic relations.

The Foreign Economic Commission of the USSR Council of Ministers is headed by a chairman on the level of a Council of Ministers deputy chairman. It is comprised of the directors of the leading USSR ministries and departments involved in foreign economic activities. Planned measures to improve foreign economic activity are consonant with the general course of measures being carried out within the USSR to considerably broaden the rights and obligations of associations and enterprises and their transition to full economic accountability and self-financing. These measures are aimed at increasing the interest of product manufacturers in expanding production of highly effective export goods and in zealously utilizing import resources.

Beginning on 1 January 1987, more than 20 USSR ministries and departments, along with 70 of the largest associations and enterprises, will be given the right to carry out direct export and import operations (including on the markets of the capitalist and developing countries). Among them will be cost-accountable (khozraschetnyy) foreign trade firms. As appropriate prerequisites are developed, such rights will be extended to other ministries, organizations and enterprises.

The USSR Ministry of Foreign Trade and the USSR State Committee for Foreign Economic Relations will exercise control of foreign trade operations for the purpose of ensuring that all-union interests are met. The associations and enterprises which have not yet been given the right to enter foreign trade markets will export and import their output on the basis of contract relations with the foreign trade associations of the USSR Ministry of Foreign Trade and also of other ministries and departments.

With the goal of raising the economic interest and broadening the independence of enterprises and associations in developing exports and renewing their production base, foreign currency withholding funds (fondy valyutnykh otchisleniy) have been set up in them for financing export and import

operations. These funds may be used for the purchase on foreign markets, either independently or through foreign trade organizations, of machinery, equipment and materials required for production retooling and reconstruction and for carrying out scientific research, experimental design and other operations. Such purchases at the behest of associations, enterprises and organizations are included in full within the plan for imports and are realized on a first-priority basis. The associations and enterprises have been given the right to receive foreign currency credits from the USSR Foreign Trade Bank. At the same time, the economic responsibility of associations and enterprises is greatly increased in the event that they fail to fulfill commodity export plan quotas or contract obligations. They are to make compensation for the damage which results from this, using their foreign currency funds.

It is planned to change over from primarily trade ties to deep production specialization and cooperation in the area of economic collaboration with the socialist countries. The Overall Program for the Scientific and Technical Progress of the CEMA Member Countries to the Year 2000 is being used as a basis for all work connected with this collaboration. It is planned to work out a conceptual basis for developing USSR foreign economic relations with the CEMA member countries, which will serve as a foundation for bringing long term economic policies into agreement and for coordinating state plans. Quotas will be established within the five-year and annual economic and social development plans of USSR ministries and departments, and of republic-level councils of ministers, setting volumes of foreign economic activity, which will also include quotas with regard to the CEMA member countries.

Soviet associations and enterprises are being given broad rights in developing direct ties with enterprises and organizations of other CEMA member countries. They will independently decide all questions of coordination, including determining the directions and specific goals of collaboration, will select partners in the CEMA member countries, and will carry out deliveries in accordance with this cooperation, including the signing of economic agreements and contracts for delivering products and extending services connected with cooperation and with the development of production, and also including determination of the economic conditions of cooperation and coordination of prices for manufactured articles which are assembled and for services which are extended on a cooperative basis.

Moreover, the associations, enterprises and organizations have obtained the possibility of carrying out joint planning, together with their partners, of cooperative production processes, providing first of all for the development and assimilation of progressive technology and for the creation of new capacities and the reconstruction of existing ones, and to coordinate the product mix and volumes of export and import deliveries of cooperative production.

Broad possibilities are opening for them to take a direct part in realizing the Overall Program for the Scientific and Technical Progress of the CEMA Member Countries to the Year 2000, particularly in carrying out scientific research, technical planning and design and experimental operations together with organizations of the CEMA member and in the mutually coordinated exchange of scientific and technical documentation.

All earnings from activity in the area of international cooperation remain at the full disposal of the enterprises (with the exception of small deductions for the use of sectoral ministries). The foreign currency withholding funds of associations and enterprises will not be subject to being taken away by superior organizations.

Provision is made for the possibility of making broad use within the mutual relationships of the socialist countries of such forms of collaboration as joint enterprises, which can be established on a common-owner basis within the territory of the USSR or of other countries, and of international associations and organizations, where national ownership is preserved but joint activity is carried out on the basis of coordinated or common plans.

The joint enterprises will be fully cost accountable, economically independent organizations, and will be given broad rights in the areas of export and import operations, coordinating prices for products they produce, concluding contracts, etc. The income of such enterprises will be distributed among their participants in proportion to their share contribution to the funds used for their establishment.

The joint enterprises will carry out their activity within the system of the Soviet economy and will be governed by existing Soviet laws and by labor and social norms for Soviet citizens. New procedures are also envisaged for temporarily assigning Soviet specialists to the CEMA member countries within the system of direct relationships. These procedures will greatly facilitate the organization of temporary duty assignments by giving the directors of associations and enterprises the right to decide these questions directly.

The approved measures open broad possibilities for accelerating the process of socialist economic integration and for an all-round intensification of production and scientific and technical cooperation within the framework of the commonwealth.

Provision is also made for developing new forms of economic relationships with firms in the capitalist countries, including scientific and technical and production cooperation as well as the establishment of joint enterprises. Applying the new forms of economic relations, the Soviet Union will proceed in its mutual relationships with foreign partners from the position of observing the principles of mutual benefit and will guarantee respect for their interests and rights. At the same time, it will continue to adhere strictly to the principles of state monopoly in foreign economic activity and of unconditional respect for Soviet laws and norms by foreign partners.



The CPSU Central Committee and the USSR Council of Ministers believe that the struggle for a decisive restructuring of foreign economic activity must become a matter of concern for the entire party and country, and they express their firm conviction that party, government and economic organs, along with the labor collectives of production associations, enterprises and organizations, will ensure that the measures approved by the CPSU Central Committee and the government of the USSR, aimed at implementing the decisions of the 27th CPSU Congress, will be carried out without condition.

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CSO:1825/014

WORLDWIDE TOPICS

SOVIET MEDIA COVERAGE OF INTERNATIONAL AFFAIRS CRITICIZED

(Cross-reference) Moscow LITERATURNAYA GAZETA in Russian for 13 August 1986 publishes on page 13 a 1,000-word article by Vladimir Tsvetov under the rubric "International Life" and the headline "Getting away from Stereotypes." Tsvetov complains that the Soviet news media give a distorted picture of life outside the Soviet Union and that therefore Soviet people tend to discount whatever the Soviet media report about the outside world. Among specific shortcomings, Tsvetov identifies over-reliance on "hackneyed phrases," too great a concentration on reporting events such as trade union meetings and demonstrations, and reluctance to report favorable information on the ground that "it would be bad for our propaganda." The full text can be found in the USSR REPORT: POLITICAL AND SOCIOLOGICAL AFFAIRS for 12 November 1986, JPRS-UPS-86-053, pages 20-26, under the headline "Vladimir Tsvetov on Reforming International Journalism."

CSO 1807/71

GENERAL ECONOMIC AFFAIRS

BRIEF

EXPORTS FROM BERDYANSK--Zaporozh Oblast. The products of the local Azovkabel plant are world famous. Fifty countries on all five continents purchase them. Orders for these goods are steadily increasing. By the end of the five-year plan it is projected that exports will make up up to 10 percent of total sales. The increase in orders is explained by the high quality and wide assortment of the products. [Text] [Moscow SELSKAYA ZHIZN in Russian 19 Oct 86 p 1]

CSO:1825/42-P

SOCIALIST COMMUNITY AND CEMA AFFAIRS

IMPROVEMENT IN CEMA COUNTRIES' INDUSTRIAL STRUCTURE DISCUSSED

Moscow OBSHCHESTVENNIYE NAUKI in Russian No 3, 1986 pp 22-36

[Article by Petr M. Alampiyev, doctor of economic sciences, professor and consultant of the Institute of the Economy of the World Socialist System of the USSR Academy of Sciences. Author of works on problems of the world socialist economy. An abbreviated version of his chapter of the joint monograph of the USSR Academy of Sciences' Scientific Council's "The World Socialist System" "The Sectorial Structures of Industry in the CEMA (Council for Mutual Economic Assistance) countries. Problems of Improvement" (Moscow. "Nauka", 1985) is in publication. This article is entitled: "Improving the Sectorial Industrial Structures of CEMA Countries"]

[Text] Improving the production structure is one of the chief ways to improve economic and social effectiveness in the work of an economy. The high-level economic conference of CEMA member-nations called "accelerating the transfer of the economy to an intensive one, improving its effectiveness through improvements in the structure of public production, the rational and economical use of material and labor resources, better use of fixed capital and scientific and technical potential" among the most important tasks of these countries at the present stage. (Footnote 1) ("High-Level Economic Conference of CEMA Member-Nations, 12-14 Jun 1984. Documents and Materials". Moscow. 1984, p 19)

During the first three decades of the existence of CEMA, the efficiency of the production structure in the majority of its participating members was improved as the result of industrialization, which led to an increase in industry's share in the national income. At present the problems of improving the sectorial production structure which has come about, has been put on the fast track, as have improvements in inter-sectorial and intra-sectorial ratios, the securing of the overtaking development of the sectors which are outstripping scientific and technical progress, considering all the potentialities for the international division of labor.

The ratios among the sectors, as well as among intra-sectorial subdivisions comprise the basic quantitative characteristics of the structure of industry. The structure's more complete characteristics and the means for improving them require that the scientific and technical level of their elements, their economic effectiveness and their mutual relationships be defined. Any improvement in the structure includes increased use of the achievements of NTP [scientific

and technical progress] within each of its elements, as well as the development of the corresponding relationships between them. This is why the interaction of the structural policy with the scientific and technical policy is being strengthened. The Integrated Program for Scientific and Technical Progress of the CEMA Member-Nations up to the Year 2000 must bring about this strengthening within the scope of socialist collaboration. The foundation of the program is the principle of the organic unity of science with production, including uninterrupted planning--from the scientific idea to the full-scale realization of the innovations. The document clearly defines the high-priority directions for collective use of the scientific-technical and production-related potentials of the countries being integrated and which make up the base for a coordinated scientific and technical policy.

Improving the national economic structure, including the industrial structure, is not something that happens all at once but is, in principle, an ongoing and endless process. There exists no ideal structure suitable for all times. The objective development of the productive forces requires the setting up of new plants and changes in the proportions between the structural subdivisions. We find that the economic evaluation of the proportions between production sectors undergo changes in the process of economic development: that which was unprofitable yesterday becomes profitable today, and conversely, that which was economically justified yesterday becomes, in a number of instances, advisable today. In time there evolve needs for reproduction and the private needs of the members of society, as well as the opportunities and methods for meeting these needs. All this exerts a concentrated effect on production structures. Changes in the external conditions of development of national economic complexes, primarily participation in the international division of labor, stimulate growth in some types of industrial production, while impeding the growth of others.

Thus the elements of the industrial structure, the proportions between them, and their economic interrelations are in a constant state, sometimes sleight and at times obvious, of headlong change. All this gives the development of the production structure a dynamicity, particularly under the effect of the NTR [Scientific and Technical Revolution].

It would be erroneous to imagine that the dynamicity of the industrial structure in socialist countries is actually in a state of instability, or is a disordered game played by elemental forces. Law-governed tendencies can be traced in the dynamic of the structural elements and their relations. In coming to know these regularities and in using them, socialist society brings order into the formation of production structures, and prevents and eliminates any imbalances which arise, and consistently brings the objectives of socialist production to fruition.

Today, the tasks involved in improving the industrial structures of those countries participating in socialist collaboration are far from being limited to the ordinary elimination of the imbalances which occur, or to the usual minor or fairly major, but still frequent improvements in the structures in individual sectors, associated with technical and economic progress. The structural policy has to be subordinated to the tasks of changing over to a predominantly

intensive path of development, for which more complete use of available production potential and all-out economizing of all types of production resources are characteristic. This is the starting point of the line towards reducing the labor intensiveness, materials-intensiveness, power-intensiveness and the output capital ratio of production.

Any stable sectorial structure possesses an inertia which is connected with its ability to reproduce itself as part of the process of expanded reproduction. But the implementation of the achievements of the Scientific and Technical Revolution are in constant need of changes, shifts and sometimes even the breaking-up of individual links of this structure. There arises a contradiction between both of these tendencies, which contradiction has been allowed, thanks to progressive changes in the production structure, the systematically directed structural policy of the state, and--within the scope of CEMA--the jointly coordinated activity of the socialist countries. Inasmuch as a five-year plan period is an insufficient amount of time to change the structure of the national economy, a need has arisen to expand the temporal planning horizons and to augment the coordination of the national economic five-year plans with the reconciliation of all concerned countries to a long-term economic and scientific and technical policy.

The effect of the Scientific and Technical Revolution on improving the sectorial structure of industry is reflected in a variety of forms. The most striking manifestation of this effect is the appearance of a multitude of new tools and labor-related articles, consumer goods and, respectively, the formation of new sectors, subsectors and types of industrial production. All of this caused a major restructuring of inter-sectorial and intra-sectorial proportions and of the transport and economic links.

This restructuring of industrial production is organically merged with the intensification of the national economy as a whole, which places complicated structural problems before the CEMA countries. The most typical feature of the intensive path to economic growth is the fact that the economy's needs for articles used in labor and for other production equipment can be satisfied not solely by an absolute increase of production in these or other of its sectors and types. Improvements in product quality, as well as increases in its service life, wear resistance and reliability can play a similar role. In these situations, the savings made in resources and the improvements made in the quality of the products can act as a substitute for growth in the importance of these or other productions, thus engendering a considerable economic effect.

All the same, in order for there to be major changes in industry's structure, new construction is needed, secured by the accumulation fund for which, in turn, an intensification in saving is needed. "By way of the fund, new production sectors are formed, more perfect machinery and production systems are introduced....Saving leads, as a rule, to the most technically perfected enterprises, and thus acts as a powerful impetus to intensification." (Footnote 2) (G. Sorokin: "Intensive Factors in Economic Growth". "PLANOVOYE KHOZYAYSTVO", No 4, 1981, p 17) The process itself of improving the structure of industry is administered to a great extent through capital investments.

In present-day conditions, the nature of this process has been markedly affected by the "tendency..." which has grown out of the system of cooperational ties in production, "...toward synthesis, which tendency is expressed in the ongoing unification of science with production, and in the deepening of the interaction of the sectors and productions which, in the past, were relatively independent. This tendency is also expressed in the appearance of large-scale intersectorial complexes (for example machine tool-building, agroindustrial, fuel and energy complexes etc.), and in the sharp enlargement of the part played by the components which make up the system of contemporary production (infrastructure, economic mechanism etc.)." (Footnote 3) (Yu. S. Shiryayev: "Mezhdunarodnye proizvodstvennye sistemy" [International Production Systems]. Moscow. 1981, p 9)

The influence of scientific and technical progress has strengthened the tendency toward increased depth in the processing of various types of raw materials. This unavoidably leads to outstripping growth in the processing industry and to a respective reduction in the importance of the extractive sectors, despite their absolute growth. Capital investments have a different tendency. The transition to poorer deposits of raw materials which, in addition, are often located in country with rough conditions, increases the capital intensiveness of the extractive sectors which presently receive the lion's share of capital investments.

In a number of the European CEMA countries the need for structural changes in industry is also associated with the fact that, with the low-cost imported raw materials and fuel prior to the mid-1970's, their structural development was characterized by considerable growth in energy-intensive and materials-intensive sectors. This growth had very little in common with available natural resources. The significant increase in world market prices for petroleum and other fuel, as well as for certain types of raw materials led to reduced effectiveness in a number of productions, thus engendering the need for changes in the structure of industry. Reducing energy- and materials-intensiveness became one of the pressing problems of the structural policy of these countries. Among the trends for improving the structure of production also belongs the strengthening, within production, of those links which ensure the supply and sale of output, as well as the obtaining of the widest possible range of raw materials components.

All of the changes coming about in the sectorial structure of industry under the influence of the Scientific and Technical Revolution have also been reflected in the territorial structure and the territorial organization of industrial production. Changes are being made in the scope and forms of the territorial concentration of industry, the disposition of its individual sectors and the geography of its transport and economy lines. Wide scope is being given to the development of the natural resources in new regions, and this is being carried out within the narrowest possible timeframe, thanks to new technical and economic resources.

The Scientific and Technical Revolution has spurred growth in the capacities of production machinery sets, has made their designs more complicated and has, at the same time fostered growth in the capital saturation of production and the capital intensiveness of new industrial construction. As a result, the

introduction of structural changes into industry has been made more complicated and more expensive. The organizing of new productions these days takes not only the construction of individual enterprises, but the setting up of entire production systems as well. The formation of these systems often requires the coordinated efforts of a number of states. Thus the contradiction between the need for all the new structural changes in industrial production and the ever-expanding inertia of the production system is becoming more complicated overall.

The structural changes are of major importance, and not only from the standpoint of the present state of the economy. They can affect economic development over the long term. All of this tends to expand the horizons of the structural policy, to increase its significance in the CEMA countries and to fill their structural policies with new content.

Among the material production sectors, there is a high dynamicity to an industry which has the capability for rapid development, and which can transform its structure comparatively quickly, thus making it easier to improve. This dynamicity is manifested not only in the absolute growth of output, but also in the comparatively rapid diversification of its structure under the effect of the Scientific and Technical Revolution, the increasing demands of the population and the public economy, and the growth in the international division of labor. The comparatively high dynamicity of industry's sectoral structure does not, however, represent opportunities to bring about radical changes in this structure in a very short period of time. Structural changes require tremendous capital investments for the construction of new enterprises as well as for renovating old ones. Major structural changes in countries with an established industry are not usually managed within one or two five-year plan periods, particularly in view of the relatively low growth rates of their national revenues.

At the present stage in the European CEMA countries, the global criterion for optimizing economic development under socialism is quite distinctly being promoted. This entails ensuring that the growing demands of the members of society are met, and that the required reserve is created to meet the needs of future development. In order for the tasks facing the USSR and the European CEMA countries of ensuring future improvement in the well-being of the population through the steady and gradual development of the national economy, acceleration of Scientific and Technical Progress, and the transition of the economy over to the intensive path of development, the industrial structure is going to have to undergo appropriate improvements. These improvements can improve the effectiveness of the entire national economic complex, since it is within industry that the major portion of the national revenues are generated. At the same time, industry, which supplies the other productive sectors as well as the non-productive sphere with modern production tools, necessary materials, fuel and electric and thermal power, plays an outstanding part in the functioning of the entire national economic complex as a whole, as well as in improving its effectiveness.

One of the most crucial problems relative to improving the industrial structure is that of achieving balance in the economy with regard to all its parameters (including needed reserves). This balance will ensure that the needed proportions between all sectors, subsectors and types of production are observed, since



they determine the technical, and social and economic conditions for reproduction, the maintenance of correct relations between the presence of the workforce, the productive capital, subjects of labor, electrical and other kinds of power, transport equipment etc.

Thus the structural policy and the planned economic activity must provide a state of balance in the factors */italicized/* of production so that it will function uninterruptedly, as well as balanced production results */italicized/*, i.e. the output meant to satisfy all the demands of the national economy, including the demands of the population for foodstuffs and other goods for popular consumption, as well as for the creation of export funds and necessary reserves. Here, imported products, the import of which for one reason or another is unavoidable or advantageous, are taken into account.

Any loss of this balance leads to stress in the national economy, and a chronic imbalance leads to disorganization in the economic life and to sharply reduced production efficiency. Balance in the economy must be dynamic as opposed to static, and must ensure unimpeded progress in extended reproduction, promptly preparing everything needed to increase production volumes and to form new sectors, subsectors and types of production, and everything needed for other progressive changes in the national economy. (Footnote 4) (Soviet economists distinguish three basic aspects of balance: the factoral aspect (based on the interrelation between the volumes of output and production factors), the lag factor (based on the distribution through time of production resources and the achieved effect and the intersectorial aspect (see "Problemy effektivnosti struktury narodnogo khozyaystva SSSR v period razvitogo sotsializma" [Problems of Efficiency in the Structure of the USSR National Economy During the Development of Socialism]. Moscow, 1981).

The securing of a state of balance in the development of industry is a particularly complicated task in the smaller industrially developed countries which feel shortages in the fuel-energy and raw materials resources during the period when the central aspect of the structural policy is being changed over to the intensification of production and maximal conservation of resources, to curtailing certain unprofitable works and to improving the quality of our output, particularly that designated for export. In conditions such as these, a high degree of dynamism is usually characteristic of those sectors which determine technical progress and which do the most to ensure the economic effectiveness of production with relatively low levels of materials intensiveness and power consumption relative to their output.

The structure of an industry can be examined on various levels. The main levels are the macrostructure, the mesostructure and the microstructure.

We understand the term "macrostructure */italicized/* of industry" to mean the relationships and interrelations between the major combined sectorial groups which have been put into the statistics, also referred to as the "consolidated sectors" (ferrous metallurgy, the fuel industry, machine tool-building and metal working, the chemical industry, the food industry etc.). The country's national economy is presently perceived as a system of inter-sectorial productive complexes, each of which includes several sectors or sectorial groups. As an

example of complexes such as these (and of the macrostructural system as well), we can cite an intersectorial construction complex, which includes a construction industry, the production of construction materials, sectors which produce construction equipment, and corresponding infrastructural subdivisions. An agroindustrial complex also has a strikingly expressed entersectorial character. The mesostructure /italicized/ is made up of those industrial sectors which comprise the "consolidated sectors". So machine building takes in the machine tool-building and tool-making sectors, as well as motor vehicle, bearing, electrical equipment and other sectors; the food industry includes the meat, sugar, butter-making and fats, as well as other sectors. The microstructure /italicized/ includes subsectors and individual types of industrial production.

Improvement of the industrial structure touches all its levels. But if shifts in the industrial macro- and mesostructure were put in the forefront during the initial stages of industrialization, then at present the European socialist countries are seeing that the basic work of industrial improvement has been moved to the microstructure, even though these changes are, one way or another, are also reflected, in the final analysis, in the macrostructure as well. Improvement of the industrial structure on the level of the individual sectors, subsectors and types of production is carried out both by branching off the new subdivisions of this structure on the mesolevel (for example the setting up of atomic machine building and new chemical industry sectors), as well as through the manifestation of all the new and new types of production within the existing sectors and subsectors. Similar changes do not, in and of themselves, mean major shifts within the structure of industrial production as a whole. However, a gradual build-up of changes can finally lead to considerable macrostructural shifts.

A number of socialist countries have advanced the principle of the "selective" structural policy, that is, the policy of concentrating their investment capital and their efforts in general on developing a limited and narrow circle of high-priority productions. This makes possible a quicker and more resultative solution to questions of concentrating production, to the problems of Scientific and Technical Progress, of improving labor productivity, and of raising the level of competitiveness of one's goods in foreign markets. The development by these countries of their goal-oriented programs along high-priority developmental directions relative to production, and the energetic carrying out of these programs makes it possible to realize those concrete production tasks which have become extremely important at one stage or another.

The "selective" policy primarily affects namely the industrial structure as the most dynamic structure defining the relationship of the leading links of the national economy which are most closely connected with the Scientific and Technical Revolution, and the structure which can quickly and efficiently affect the production of national revenues and can at the same time have an influence on solving a number of the country's economic and social problems. Usually, those individual sectors which turn out to be in the sphere of activity of the "selective" policy are related to the chemical and machine-building industries, electrical equipment and ferrous and non-ferrous metallurgy. In most cases these sectors and types of production are called upon to ensure growth and improved efficiency in the export sector.

Those priority sectors chosen by the economic policy are needed for functioning and development in the supply of materials, fuel and energy, production tools, transport services etc. This requires the corresponding development of other sectors. The latter, in turn, will give tasks to the supply sectors and to other related sectors. This chain of connections has a number of links which in essence take in the entire structure of the national economic complex, the normal vital activity of which, as a unified whole, is absolutely necessary where there is any "selectivity". The priority sectors do not develop in a vacuum. They are part of the country's unified economic organism, which is imbued with millions of all sorts of production-related and other economic connections.

It is apparent that the success of the "selective" policy is attainable only by way of the regular development of every link in the national economy. Those sectors and works which provide the population with foodstuffs and other popular consumption goods are important, not only economically, but socially and politically as well, with regard to the normal development of any sector of industry. The liquidation of "ineffective" and "unprofitable" productions should be undertaken with utmost caution. A structural policy must, of course, be based on an economic calculation and on a comparison which treats the subjects of imported and in-house production. But in order for reproduction to proceed normally, not only is the amount of the national revenue which has been produced important, but so is the physical form of the product, the determined use values, and the opportunities to make expeditious changes in the output in the face of changing conditions. The liquidation of certain production links where there is an insufficient guarantee of the timely import of corresponding output of needed quality threatens to disrupt the normal course of expanded reproduction. It is precisely as a result of the above requirement that experiments in conducting the "selective" structural policy have sometimes been interrupted. Generally speaking, the "selective" policy is inconceivable outside a well-organized international socialist division of labor, with its guarantee of quality, low prices and timely delivery of output from those sectors which are excluded from the industrial structure of the country in question.

Some CEMA countries have in a number of instances experienced difficulties in connection with excessive diversification in individual industrial sectors. Any measures aimed at improving their qualifications are fully justified. This is particularly true for smaller countries. The smaller a country's economic potential, the more important it is for her limit diversification in the sectoral structure of industry, and the more the country needs the "selective" policy. If "selectivity" acts only as a way to maneuver resources at definite stages in the larger countries, then for smaller countries this comprises an unavoidable line for their structural policy, and is connected with the vividly expressed specialization of the national economic complexes.

Nor is the degree of priority given definite productive sectors in larger countries permanently attached. Thus at various stages of the building of socialism in the USSR, the high-priority sectors have been: coal, the metallurgical industry, individual machine-building sectors and the petroleum, gas and chemical industries. The Basic Directions for the Economic and Social Development of the USSR for 1986-1990 and for the period Up To 2000cite, as suitable directions to provide the principal improvement in the technical level of production: elec-

tronics, atomic power engineering, integrated automation, and methods for producing and processing new materials. A mutually coordinated restructuring of the investment and structural policy will be carried out on all levels to bring this about. It is foreseen that the development of our productive sectors which determine the degree of scientific and technical progress, will proceed at outstripping rates. Heavy industry--the foundation of the country's economy, and the basis upon which the national economy is provided with its means of production--is to be developed unswervingly. There are also plans for the radical reconstruction and the outstripping development of the machine-building complex, to which belongs the predominant, key role.

Those specialized sectors chosen by the CEMA countries do not automatically join in the international socialist division of labor. The economic advisability of their specialization has to be recognized internationally. A country must demonstrate high quality, an advanced scientific and technical level, and comparatively low-cost output in its business. Not every "selective" policy is worthy of the support of the fraternal countries, but only that policy which is economically advantageous not only to the country in question, but to the entire fellowship of nations, to all the partners involved in the division of labor. And the same holds true for the unification of production into cooperatives. Specialization of cooperative members must be economically justified in order for the cooperatives to produce profits for all their partners. Socialist economic integration greatly expands the potentialities for effective technical and economic interconnectedness of the reproductive processes, and for "intertwining" them in this regard into the entire integrated system of national economic complexes. In view of the complexity of the structural problems here, no unilateral schematic decisions, no excessive "selectivity or, on the contrary, any autarchy, have been allowed, as they lead either to an overestimation of the part played by the determinant industrial sectors, or else to its underestimation. An integrated approach is needed, one which carefully considers the actual conditions of place and time.

Although improvement of the industrial structure ought to encompass the entire system of sectors, a great deal of attention should be given to heavy industry's sectors, particularly machine building and power engineering, upon which, in contemporary production conditions, the vital activity of the entire national economic complex depends in first place and to a tremendous degree. In a situation such as this, when the national economy of one country or another does not have the opportunities to develop these particular base sectors at its disposal, a completely guaranteed supply of corresponding products needs to be provided by the fraternal countries, and the development of export sectors, which development will compensate for the imported goods, needs to be stipulated within the production structure.

Each CEMA country carries out the formation and improvement of its industrial structure within its own national economic complex in sovereign fashion. This is based primarily on these countries' private interests, but with consideration, of course, for the common interests of socialist collaboration. In this connection the industrial sectorial structure is not a priori set in its specific parameters in the same form as the previously-determined proportions between all types of production. The development of a plan begins with the setting

of the overall goals for economic development for a given period and the determination of the basic tasks for the leading industrial sectors. Concentrating attention at the decisive links involved in the development of industry (and the entire national economy) makes it possible from the standpoint of the structural policy to determine, within an integrated system of planning indicators, the direction of the main shifts within the industrial structure for a planned period, and to call for these shifts to be supported with invested capital, a work-force etc.

Continued development of plans for industrial development and the sectors of the national economy which are connected herewith determines the real requirements and the production assignments for all mutually related sectors and types of industrial production. As a result of this enormous work a clear picture is emerging of the improvements in the industrial structure for the planned period at all levels and in all the parameters (fixed capital, work-force occupied in production, volumes of industrial output etc.). And only thus can the specific industrial structure, called for by the plan, be determined.

The real structure takes its final forms only in the process of bringing the plan to fruition, and certain deviations from the first drafts are allowed here by virtue of one reason or another. Thus, in the final analysis the actual structure is the result of economic activity, which is always somewhat different from initial conceptions of it, those which are available when the pre-plan materials are still being developed. Each basic direction relative to the development of the industrial structure makes its own demands on the balance of the plan for development of the national economy, without which normal economic activity is impossible.

As has already been mentioned, the processes of forming and improving the industrial structure in the CEMA countries are not completely closed processes. The formation of national economic complexes, which formation is controlled by national planning systems, experiences the powerful effect of the international factors which make up its structure. In solving the problems of improving the industrial structure, each country, while not retreating from positions of national interest, at the same time displays its own interest in the structural policy of the fraternal countries.

Everything which is being done in this field in one country is refracted through the prism of the other countries' interests and evaluated by them from their own positions, since their structural policy is reflected in the character and economic effectiveness of their mutual economic ties and the international division of labor.

With the development of socialist economic integration, there is a concomitant increase in the significance of the inter-state side of the CEMA countries' structural policy. The integrated collaboration of the cooperating countries, as is well known, leads to their ever-increasing rapprochement. The mutual complementarity, mutual interconnectedness and mutual dependence of the national economic complexes are gaining in strength. CEMA fellowship is gradually being turned into a genuinely organic economic system, wherein each part functions within an established system of "materials exchange" i.e. a transfer between coun-

tries of those use values, produced in the various areas of the fellowship. There has been noted a particular increase in the effect of international factors on the development of the industrial structure of individual countries in the course of their forming international productive systems based on their cooperative ties. "Any international production system presupposes the unification of the elements of the productive apparatuses of two or more countries for the purposes of carrying out a unified program for producing goods and services, for perfecting production methods and for improving output." (Footnote 5) (Yu. S. Shiryayev. Op. cit., p 43)

The deepening of this integration increases the opportunities for a collective international resolution, by the CEMA countries, of a number of new structural problems. As a result of these joint actions, interrelationships are being expanded and there is growth in the international conditionality of the structural changes in the industry of each of the participating countries. Socialist integration opens new ways for the development of production and exchange for these countries, and it creates new tools for bringing depth into the international division of labor and for bringing about international co-operation in production. The most important thing here will be the bringing into fruition of the Integrated Program for Scientific and Technical Progress, which will be the motivating force behind accelerating the process of social and economic development.

The internationalization of economic life leads to the interweaving of the reproductive processes of national economies among themselves in a material and technical sense. The reproductive process of individual countries, particularly smaller countries, is inconceivable without an exchange, with other countries, of machines and equipment, raw materials, fuel and electric power and goods for popular consumption. The cooperative ties in machine building and other sectors are growing. Ties such as these with foreign suppliers, customers and members of cooperatives will gain in depth with time, and will also take in the sphere of scientific and technical research and development, the transport service field, cultural exchanges, recreation etc.

Inasmuch as national and state property is socialist property in the CEMA countries, the structural policy of the countries of this fellowship presupposes a stock-taking of the combined interests of the world socialist economy and the interests of each of the countries which are part of it. All the states involved in socialist fellowship have double economic interests in their relations with their fraternal countries. In the first place there are the interests of the socialist state as an economic entity interested in obtaining the greatest immediate profit out of each transaction based on economic reckoning. In the second place, there are the interests of the country as a member of a socialist community, which interests are related to the development of the world socialist economy. These and the other interests must be harmoniously combined.

The joint planned activity of the nations involved in socialist cooperation ensures the systematic and coordinated development of international specialization of production overall, and provides the necessary range of qualifications of its sectorial blocs, sectors, subsectors and prospects. This is also why

improving the industrial structure does not have a purely intra-national character, but one which has been coordinated within the scope of this fellowship. And among the criteria for optimalization of national economic complexes we also include the ability to make use of the advantages of international economic ties.

International, and integrated, socialist division of labor makes it possible for all its participants to concentrate their industrial production to a high degree. The capacity of the integrated internal market ceases to be a factor which limits the opportunities to concentrate and specialize production. The uniting of production into cooperatives on an inter-state level greatly facilitates the development of new productions as well as the use of the most advanced technology. "In many fields, it is precisely integration which can help establish that base which will allow those countries also having a relatively small economic potential and a limited internal market to effectively develop their productive forces on an up-to-date level." (Footnote 6) (I. Khusar: "Mnogostoronnyaya ekonomicheskaya integratsiya stran-chlenov SEV i ekonomika VNR [Multilateral Economic Integration of CEMA Member-Nations and the Economy of the Hungarian People's Republic]. EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, No 3, 1979, p 9)

Thus at the present stage of development of this integration, the improvement of the industrial structure in CEMA countries is proceeding in the face of the effect of international factors which have gained in strength. The result is that the inter-state proportions of industrial production and its internationally effected disposition around these countries has begun to come about in objective fashion.

In the process of economic integration, and in connection with expansion of the commonly-held interests of the countries of socialist concord, there is a growing need for the joint development of a number of questions having to do with the structural policy. International plan conformity in this field can be carried out at the present stage only through coordination of the structural policy of the CEMA countries and further coordination of capital investments for jointly-determined areas and projects.

The tasks of improving the industrial structure in different countries are not identical. There exists a fundamental difference between the European and non-European CEMA countries at the present time. The former have a developed industry, the structure of which basically meets the needs of the present-day level of development of their productive forces. The latter are only in the process of forming their industrial structure. But both the former and latter countries need to improve their industrial structures. As has already been mentioned, the countries of the first group are faced with the tasks of continued organic development of whatever structure has come to be established in directions dictated by the most recent achievements of the Scientific and Technical Revolution and socialist integration. The countries of the second group need to determine the best methods for setting up a national-economic complex, the specialization structure of which is not always clear, even with regard to its basic features.

The economic conditions wherein the processes for structural formation take place also differ to a great extent. In the first group of countries the typical characteristic of economic development at the present time is the using up of the basic work-force reserves, as well as, correspondingly, the opportunities for involving additional labor resources in the production process. A number of the countries in this group have experienced an acute shortage of fuel and energy, and raw materials resources. In connection with the above "using up" of what are essentially extensive factors in the growth of production, the countries of this group are reorienting themselves over to an intensive development track. In so doing, the availability of our established scientific and technical potential begins to play an ever-greater role. Scientific research and developments in experimental design have become an organic integral part of productive activity within the framework of the enterprises and sectors, and indeed within the national economic complex as a whole. This allows the output of a number of sectors to be oriented toward export, including export to developed capitalist countries. Not the least role in improving the industrial structure is played by the need to satisfy the rapidly increasing demands of the population for new and high-quality products.

For the second group of countries, the formation and improvement of the industrial structure primarily means ensuring the establishment of the material and technical base of socialism. The existing structure is augmented by the missing links in the basic industrial framework of the national economic complex. Different countries need a different selection of sectors in accordance with the dimensions of their national economic complexes and the rational degree of its completeness. These countries usually have even greater possibilities for using extensive reproduction factors, and there is the acute problem of involving the work-force in industrial production, and this has a very powerful effect on the structural policy. As a rule, prospects exist here for putting new deposits of useful minerals into economic circulation, which minerals include mineral fuels, ores and other natural resources.

Even though the formation of scientific and technical potential has been accomplished successfully in the above-named group of countries, the formation of a "science-to-production" chain embodies only the first steps, a fact which limits the potentialities for exporting the output of their manufacturing industries to the world market. The tasks of improving the industrial structure in these countries demand, in addition to the traditional types, new kinds of participation in the international socialist division of labor, as well as the securing of its actual mutual advantage through the widespread utilization of the opportunities for integration which have been made available. At the same time, the process of the mutual adaptation of the industrial structures of the partner-countries continues.

Aside from the above-named differences between the two groups, consideration should be made, when developing a national policy for improving the industrial structure, for the countries individual peculiarities connected with their sizes, non-identical potentialities for development of their extractive industries because of differences in their supplies of minerals and other natural resources, with their soil and climatic conditions, their economic and geographic situation, the status of their industrial development, the importance to them of their demographic situation etc. Hence, a number of different ways



exist for a structure to be developed, which development requires a concrete approach to the analysis of the problems associated with improving the industrial structure of those countries involved in socialist fellowship. As member-correspondent of the GDR Academy of Sciences W. Heinrichs correctly notes, "Socialist economic integration does not restrict, but broadens the opportunities for making choices related to national alternatives for the development of production, thus making it possible to select and implement the most effective alternative suitable for the conditions of the country in question." (Footnote 7) (PLANOVOYE KHOZYAYSTVO, No 2, 1980, p 54)

Thus, improving the industrial structure of the CEMA countries now concerns much more than the development of individual sectors. It has an intersectorial nature, and encompasses all the reproductive processes connected with the process of bringing depth to socialist economic integration. The ties between the scientific and technical, the investment and the structural policy are growing stronger. All this reflects a movement toward new, higher objectives for the socialist economy.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

USSR-HUNGARY: BORDER CROSSING AGREEMENT

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH  
SOTSIALISTICHESKIKH RESPUBLIK (OTDEL VTOROY) in Russian No 14, 1986 pp 209-213

[Agreement No 38 Between the Government of the Union of Soviet Socialist Republics and the Government of the Hungarian People's Republic Concerning the Simplified Policy for the Crossing of State Borders by Citizens Living in Border Population Points]

[Text] The Government of the Union of Soviet Socialist Republics and the Government of the Hungarian People's Republic,

Based on a desire for further expansion and deepening of the fraternal friendship and cooperation between the two countries,

For purposes of mutual facilitation and improvement of the simplified policy for crossing state borders by citizens of both countries,

Guided by the Agreement between the Government of the Union of Soviet Socialist Republics and the Government of the Hungarian People's Republic Concerning the Conditions of the Soviet-Hungarian State Border, Cooperation and Mutual Assistance on Border Problems, signed on 3 October 1961 in Budapest,

Have resolved to conclude the present Agreement.

Article 1

1. Citizens of the Union of Soviet Socialist Republics and citizens of the Hungarian People's Republic who reside permanently in the population points listed in Appendix I<sup>1</sup> can cross the state border under the policy established by the present Agreement in cases of:

a) participation in joint mass measures organized by the parties to the Agreement on the state border;

b) meeting with relatives, family celebrations and other events (weddings, wedding anniversaries, the birth of children, birthdays, reaching the age of majority, recruitment into the army, completion of training institutions, retirement on pension, betrothal);

- c) serious illness of relatives;
- d) death of relatives or other accidents involving relatives;
- e) rendering first aid.

2. In the present Agreement relatives are understood as: parents, children, brothers and sisters, husbands, wives, brothers (sisters) of spouses, brothers-in-law, grandmothers, great-grandmothers, grandfathers, great-grandfathers, sons-in-law, daughters-in-law, sisters-in-law, wife's father, wife's mother, husband's father, husband's mother, grandchildren, great-grandchildren, adoptive parents, adopted childrens, orphans, dependents and also people (USSR citizens) who submit an application for registration of marriage to the state agency for signing documents of civil status and betrothed (Hungarian citizens).

3. Authorized agencies of the parties to the Agreement issue a one-time pass to cross the border on the basis of written applications of their citizens. Attached to the applications are letters or telegrams sent by relatives which contain the reason for the invitation and are verified by authorized agencies of the state of which these relatives are citizens.

#### Article 2

When conducting joint mass measures on the state border authorized agencies can extend the simplified policy for crossing the border also to citizens of the parties to the Agreement who live in population points of border oblasts that are not indicated in Appendix I.

#### Article 3

When conducting joint mass measures on the state border the group leader should have a path for a one-time border crossing and a list of the names of the participants in the measure which is certified by the appropriate authorized agency. Participants in the measure should have identification documents with them.

#### Article 4

1. The simplified crossing of the state border by citizens living in border population points listed in Appendix I in cases envisioned in Point I of Article 1 of the present Agreement is carried out under domestic passports or documents to replace them and passes for a one-time crossing of the state border that are issued by authorized agencies of the parties to the Agreement. The parties to the Agreement exchange samples of the aforementioned documents through diplomatic channels ahead of time.

2. Citizens of the parties to the Agreement can be in the population points indicated on the path for a one-time crossing of the state border.

If necessary, authorized agencies of the country they are visiting can permit them to visit other population points listed in Appendix I.

3. The time of the visit of citizens on the bordering territory from the moment of crossing the state border should not exceed 7 days. In individual cases, on the basis of special circumstances, this time can be extended by decision of the authorized agency of the parties to the Agreement.

4. The names of children under 16 years of age belonging to Soviet citizens and the names of children under 14 years of age belonging to Hungarian citizens are entered into the pass issued to the parents. The children are allowed to cross the state border only accompanied by their parents.

#### Article 5

1. The simplified crossing of the state border in cases indicated in Point 1 of Article 1 of the present Agreement is carried out in points listed in Appendix II<sup>2</sup> unless otherwise stipulated in the present Agreement.

2. Crossing the state border under the simplified policy is done at a time agreed upon by authorized agencies of the parties to the Agreement when the crossing points are in operation.

#### Article 6

Delegations and groups of citizens from border oblasts who are crossing the state border within the framework of cooperation and friendly ties among local party and other agencies are allowed to pass under the established policy at the points listed in Appendix II.

#### Article 7

In special cases authorized agencies of the parties to the Agreement, with mutual Agreement, can issue passes to citizens of border oblasts who live in population points or are going to population points not indicated in Appendix I for journeys into the territory of the other party to the Agreement in keeping with the simplified policy for crossing the border or they can permit citizens to cross the state border in places not indicated in Appendix II.

#### Article 8

When it is necessary to render first aid, if the patient cannot receive it quickly in his own territory, medical personnel of the parties to the Agreement, as an exception, can be allowed to cross the state border with the mutual Agreement of authorized agencies outside the established points for crossing and at any time of day using domestic passports or documents that replace them.

#### Article 9

Citizens crossing the state border under the simplified policy are subject to border and customs control.

#### Article 10

1. Customs control in points of simplified crossing of the state border is carried out in keeping with the legislation of the parties to the Agreement.
2. Objects for personal use belonging to citizens going through points for simplified crossing of the state border are allowed through without permissions and duty-free. The aforementioned objects cannot be left in the country that is visited and must be brought back.
3. The kind, quantity and value of objects that are subject to duty-free crossing are established by the authorized agencies of the parties to the Agreement on the basis of their legislation.
4. The exporting and importing of currency and payment documents are done in keeping with the legislation of the parties to the Agreement.

#### Article 11

1. Citizens crossing the state border under the simplified policy must register and check back in in keeping with the legislation of the country being visited.
2. If during the time of a visit of a citizen of one of the parties to the Agreement on the territory of the other party to the Agreement has lost his pass to cross the state border or it has been damaged, he must immediately report this to the corresponding authorized agency of the country being visited. In this case, the authorized agencies, on application from the citizen, issue him a certificate, on the basis of which he returns to his own country.
3. In the event that the lost path is found, it must be turned into the authorized agency of the other party to the Agreement.

#### Article 12

1. Citizens of one party to the Agreement who are on the territory of the other party to the Agreement in keeping with the current Agreement are obliged to observe its legislation.
2. Citizens who have violated the provisions of the current Agreement or the legislation of the country being visited can be deprived of the right to enter this country or to remain on its territory. In the latter case a note is made of the expulsion in the pass. Authorized agencies of the parties to the Agreement notify one another when they have withdrawn the right to visit.

#### Article 13

In exceptional cases (epidemics, natural disasters and so forth) each of the parties to the Agreement can temporarily impose restrictions on the entry into its territory. Parties to the Agreement should inform one another through

diplomatic channels of the imposition of limitations on entry and the subsequent removal of limitations as early as possible, but no later than 24 hours after the decision to do this has been made.

#### Article 14

Issues related to the implementation of the present Agreement are resolved by the parties to the Agreement through diplomatic channels or within the framework of direct contacts between their authorized agencies.

#### Article 15

Crossing the state border in cases not envisioned by the present Agreement is regulated by special agreements.

#### Article 16

1. The present Agreement is subject to approval in keeping with the legislation of each of the parties to the Agreement and goes into effect on the 30th day after the exchange of notes announcing its approval.

2. The present Agreement is concluded for 5 years and will be extended for each subsequent 5 years if neither of the parties to the Agreement makes notification that it has been repealed 6 months before the expiration of the period for which the Agreement is already in effect.

Completed in Moscow on 1 August 1985 in two copies, each in Russian and Hungarian, and both texts have the same force.

On Behalf of the Government of the  
Union of Soviet Socialist Republics

On Behalf of the Government of the  
Hungarian People's Republic

V. Maltsev

Sh. Raynai

#### FOOTNOTES

1. Appendix I is not given.

2. Appendix II is not given.

3. The Agreement went into force on 23 February 1986.

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CSO: 1825/015

SOCIALIST COMMUNITY AND CEMA AFFAIRS

CEMA COMMISSION ON STATISTICAL COOPERATION MEETS

Moscow VESTNIK STATISTIKI in Russian No 9, 1986 (signed to press 20 Aug 86) pp 66-67

[Article by A. L. of Moscow: "Meeting of the Permanent CEMA Commission for Cooperation in the Area of Statistics"]

[Text] The 44th (Extraordinary) Meeting of the Permanent CEMA Commission for Cooperation in the Area of Statistics was held in Moscow in June 1986 in a situation of friendship and mutual understanding. Its work culminated with the signing of a protocol.

Participating in the work of the meeting were delegates headed by managers of central statistical agencies of the CEMA countries and also (in keeping with the agreement between the CEMA and the government of Yugoslavia (a delegation from the Socialist Federal Republic of Yugoslavia)).

At the beginning of its work the Commission considered the information from the chairman of the Commission, the chief of the USSR Central Statistical Administration, M. Korolev, "On Tasks of the Permanent CEMA Commission for Cooperation in the Area of Statistics, Ensuing From the Decree of the 41st (Extraordinary) Meeting of the Council Session and the 117th, 118th and 119th Meetings of the CEMA Executive Committee." In this information and speeches from leaders of delegations from the countries participating in the meeting it was noted that during the period that has passed since the 43rd meeting of the Commission an important event had taken place in the activity of the CEMA: there had been the 41st (Extraordinary) Meeting of the Session of the Council at which they adopted the Comprehensive Program for Scientific and Technical Progress of the CEMA Countries Up to the Year 2000 (henceforth--Program), which determined the strategy of the economic and scientific-technical cooperation and socialist economic integration of the fraternal countries that had entered upon a decisive course toward acceleration of economic development on the basis of the achievements of technical progress.

All the activity of the CEMA agencies at the present time is devoted to the task of implementing the Program promptly and completely. The work of the 117th-119th meetings of the CEMA executive committee were also devoted to issues of practical organizations of cooperation in light of the requirements.

In keeping with the instructions from the 117th meeting of the Executive Committee, the Commission approved the "List of Statistical Indicators Characterizing the Implementation of the Comprehensive Program for the Scientific and Technical Progress of the CEMA Countries Up to the Year 2000," which was developed by the USSR delegation. The delegations from the countries agreed to be guided by this document when submitting the corresponding statistical information to CEMA agencies, beginning with the report data for 1986.

Taking into account that at the present time they are developing and refining a whole series of organizational, methodological and legal, documents, questions of planning and financing measures of the Program which, in turn, will also be reflected in the national practice of the countries (this pertains particularly to reflection in the national economic plans of commitments ensuing from agreements, treaties and contracts that have been signed), the Commission considered it expedient to continue the work for further improvement of the list of statistical indicators. Here it is intended to devote special attention to the development of methods of evaluating the indicators of expenditures on the implementation of the Program and the list of new technical equipment, technologies and materials for characterizing the priority directions of the Comprehensive Program for Scientific and Technical Progress.

The Commission also improved the proposals prepared by the USSR delegation concerning the information system for organizing the observation of the course of the implementation of the Program and the draft of the decree of the CEMA Executive Committee concerning this issue. This draft of the decree for the CEMA Committee for Scientific and Technical Cooperation stipulates the necessary coordination of work for organizational and methodological problems and planning of the general information system created within the CEMA framework for the Program.

For purposes of practical organization of the observation of the course of the implementation of the Program, a suggestion was made concerning instructing the CEMA Committee for Scientific and Technical Cooperation and other CEMA agencies responsible for the organization of coordination within the framework of the Program to submit to the Secretariat of the Council figures concerning the assignments of detailed programs for cooperation in the cross-section of the list of final kinds of new technical equipment, technology and materials that are to be created and assimilated industrially.

On the basis of the new tasks ensuing from the decision of the High-Level Economic Conference of the CEMA Countries and the Program, the Commission has made refinements to the existing policy for observing the process of international specialization and cooperation of production (MSKP), which will make it possible to obtain statistical information necessary to the countries and CEMA agencies for comprehensive analysis of the development of the MSKP. The refinements give a clearer idea of the specialized products and also a definition of the concept of their deliveries under the policy of cooperation of production. The list of commodity groups of reciprocally delivered products is expanded from 33 to 91. Observation of the export of specialized products will be provide both throughout the industry and individually for



machine building and the chemical and petroleum processing industries. New forms will be introduced which take into account the exporting of specialized products which are delivered under the policy of implementing the Program and also production of machine-building products, which are the subject of MSKP.

The new policy will enable the CEMA countries to carry out deeper and more comprehensive observation of the process of the MSKP.

The Commission has successfully completed an international comparison of the value indicators of the development of the national economies of the CEMA countries and Yugoslavia from data for 1983 which, as a rule, is conducted once every 5 years just before the development of the new five-year state plans. This makes it possible to conduct a broad comparative analysis of the development of the national economies of the countries of the socialist community and, in particular, to study the process of equalization and coming together of the levels of their economic development. The CEMA Executive Committee (119th Meeting) gave a positive evaluation to the work of the Commission for preparing the summary document concerning this issue.

It is recommended that the results of this comparison be used when the CEMA agencies develop the methodology for macroeconomic analysis in the area of the development of the national economies of the CEMA countries and particularly in the analysis of the process of the coming together and equalization of the levels of their economic development and the standards of living of the populations of these countries.

The Council Executive Committee instructed the permanent CEMA Commission for cooperation in the area of statistics to conduct the regular international comparison of the most important value indicators of the development of the national economies of the CEMA countries and Yugoslavia according to data for 1988 under the Program which envisions a comparison of the levels of their economic development, taking into account the possibilities of studying the effectiveness of public production.

The international comparisons place strict requirements on the scientific substantiation of the methodologies used here. Preparing for conducting the regular comparative analysis, the Commission considered it necessary to carry out work for improving the methodology for comparing almost all of the value indicators that are traditionally used for characterizing the absolute and relative levels of national income used for purposes of consumption and accumulation and the volumes of capital investments and industrial and agricultural production.

The Commission also discussed questions of improving the basic methodological provisions for comparing the statistical balance of the national economy and an additional list of commodities for foreign trade for the 4th edition of the YeTN VT.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

NEW FYP FOR CEMA COUNTRIES REVIEWED

Moscow VESTNIK STATISTIKI in Russian No 9, 1986 (signed to press 20 Aug 86) pp 57-63

[Article: "The Economy of the CEMA Countries Under the New Five-Year Plan"]

[Text] For the countries of the socialist community 1985 was a year of successful completion of the regular five-year plans.<sup>1</sup> In the USSR this was the last year of the 11th Five-Year Plan, in Bulgaria--the 8th, in Mongolia, Poland, Romania and Czechoslovakia--the 7th, in Hungary and the GDR the 6th, in Vietnam--the 3rd, and in Cuba--the 2nd Five-Year Plan.

The congresses of the communist and workers' parties of the CEMA countries that were held summed up the basic results of the economic and social development of the countries and earmarked plans for the future five-year plan. The 27th CPSU Congress (February-March 1986) approved the Basic Directions for the Economic and Social Development of the USSR During 1986-1990 and the Period Up to the Year 2000, the 13th Congress of the BCP (April 1986)--the Basic Directions for the Social, Economic and Cultural Development of Bulgaria Under the 9th Five-Year Plan (1986-1990) and Up to the Year 2000, the 11th Congress of the SED (April 1986)--the Directives of the 9th Congress of the SED for the Five-Year Plan for the Development of the GDR National Economy During 1986-1990, the 3rd Congress of the PCC (February 1986)--the Basic Directions for the Socioeconomic Development of Cuba During 1986-1990, the 19th Congress of the MPRP (May 1986)--the Basic Directions for the Economic and Social Development of Mongolia During 1986-1990, the 13th Congress of the CPR (November 1984)--the Directives for the Plan for the Socioeconomic Development of Romania During 1986-1990 and the long-arranged Directions for the Development of Romania Up to the Year 2000, the 17th Congress of the CPC (March 1986)--the Basic Directions for the Economic and Social Development of Czechoslovakia During 1986-1990 and the Period Up to the Year 2000. The 7th Five-Year Plan for the Development of the National Economy of Hungary was approved at the 13th MSZMP Congress held in March 1985. The 10th Congress of the PZPR (June 1986) adopted the theses of the Central Committee of the PZPR which earmarked the basic political, economic and social tasks for 1986-1990. The 6th Congress of the Communist Party of Vietnam will earmark the Basic Directions for the 4th Five-Year Plan.

During the past 5 years the countries of the socialist community have achieved certain successes in implementing programs for economic and social development. They significantly increased and strengthened their economic potential and raised the material and cultural level of the workers. In 1985 as compared to 1980 the national income of the CEMA countries increased by 17 percent, industrial production--by 18 percent, and real incomes--by 9 percent.

The Basic Directions, directives and five-year plans for the development of the national economies during 1986-1990 which were developed on the basis of these, all of which were approved by party congresses, mark a new stage in the qualitative growth of the economies of the CEMA countries.

The course toward accelerated socioeconomic development on the basis of scientific and technical progress is one of the most important features of the new five-year plans of all the CEMA countries. Intensification of the economy on the basis of scientific and technical progress will be carried out under conditions of fulfillment of the Comprehensive Program for the Scientific and Technical Progress of the CEMA Countries Up to the Year 2000 (adopted at the 41st [Extraordinary] Meeting of the CEMA Session in Moscow in December 1985). "Countries of the socialist community link the creation of the comprehensive program and its implementation to the solution to radical national economic problems--intensification of public production, a sharp upsurge of its effectiveness, and the achievement of advanced goals in science and technology," announced the head of the USSR delegation, chairman of the USSR Council of Ministers, N. I. Ryzhkov, at the session. The comprehensive program will contribute to the development of cooperation, collaboration and specialization of production as well as strengthening of the material and technical base of the CEMA countries.

The most important tasks of the CEMA countries in the area of the economy and cooperation in the modern stage are: accelerated changeover of the economy to the intensive path, its increased effectiveness as a result of improvement of the structure of public production, efficient and economical utilization of existing material and labor resources, and better utilization of fixed capital and the scientific and technical potential; the insurance of further growth of public production as the basis for strengthening the material and technical base for the socialist society and improved well-being of the people; a higher technical level, reliability, durability and quality of products, expansion and acceleration of the updating of their assortment; the development of the export potential, mainly in the processing branches of industry; more efficient distribution of productive forces, acceleration of the process of gradual equalization of the levels of the economic development of the CEMA countries, and primarily the levels of the economic development of Vietnam, Cuba and Mongolia with the level of the European CEMA countries.

The following rates are envisioned for the increase in the national income as the basic indicator that reflects the economic growth and the effectiveness of the national economy (in percentages):

	1985 Compared to 1980	1990 Compared to 1985 According to Basic Directions (Directives)	Average Annual Rates of Increase 1986-1990 According to Basic Directions (Directives)	1981- 1985
USSR*	116.5	122.1	3.1	4.1
Bulgaria	120	122-125	3.7	4.0-4.5
Hungary	107	115-117	1.4	2.8-3.2
Vietnam	139	--	6.8	--
GDR	124	124-126	4.5	4.4-4.8
Cuba**	142	128	7.2	5
Mongolia	137	126-129	6.5	4.7-5.3
Poland	96	116-119	-0.8	3.0-3.5
Romania	124	144-149	4.4	7.6-8.3
Czechoslovakia	109	118-119	1.8	3.3-3.6

\* National income used for consumption and accumulation. Data for the USSR during 1986-1990 for this and other indicators are given for the five-year plan.

\*\* Gross social product.

The dynamic development of the economies of the countries in the community envisions an increase in the growth rates of public production. In 1986-1990 as compared to 1981-1985 the growth rates of the national income will increase in the USSR--by 5.6 points and Bulgaria--by 2-5 points, Hungary--by 8-10 points, the GDR--by 2 points, Poland--by 20-23 points, Romania--by 20-25 points and Czechoslovakia--by 9-10 points. The more rapid planned rates of growth of the national income of Mongolia (although it is 11-8 points below the preceding five-year plan) will contribute to further equalization of the levels of economic development of the CEMA countries.

In the five-year plans of the CEMA countries a decisive role is assigned to qualitative factors in economic growth with a significant reduction of the growth of the most important resources.

In the CEMA countries under the current five-year plan special significance will be attached to the development of material- and energy-saving productions, and the deepening of the processing of domestic raw material, fuel and energy. A guarantee of successful implementation of the plans will be efficient utilization of fuel, energy, raw and processed materials, and economy on resources, mainly on the basis of a considerable reduction of the material-, metal- and energy-intensiveness of production. A great deal of attention will be devoted to the utilization of secondary raw material. In the USSR 65-70 percent of the need for fuel and raw material and for individual kinds of it all of the additional need will be satisfied by economizing on them. Secondary resources will be drawn into economic circulation to a considerable degree. The energy-intensiveness of the national income will decrease by 8.5 percent and the material-intensiveness--by 14 percent.

In the GDR the expenditure of the most important kinds of raw and processed materials per unit of industrial output during the period of 1986-1990 will decrease by an average of 4 percent per year, and the expenditure of the basic energy bearers--by 3.3 percent. The proportion of secondary raw material in the industrial consumption is to increase to 14-15 percent.

In Poland the energy-intensiveness of the national income decreased by 9-11 percent during this same period, and the material-intensiveness of industrial output--by 8-10 percent.

In Czechoslovakia the energy-intensiveness of the national income will decrease under the current five-year plan by an average of 2.9 percent per year.

The productivity of public labor will increase during the 5 years in the USSR by 23 percent, Bulgaria--by 25-30 percent, and Czechoslovakia--by 17-18 percent. In the USSR for the first time practically all of the increase in national income and output from industry and other production branches is to be achieved as a result of increasing labor productivity. In Bulgaria the entire increase in national income will be achieved as a result of increasing labor productivity, the GDR--90 percent, Czechoslovakia--92-95 percent, and Mongolia--about 80 percent.

The policy for capital investments is very important for the CEMA countries for the fulfillment of the assignments of the five-year plan. The programs for capital construction envision increasing investments and using them for modernization of fixed capital, but updating, technical reequipping and reconstructing existing enterprises, for replacing outdated fixed capital and ineffective production, for limiting new construction and for reducing time periods for construction.

In the USSR the growth rates of capital investments in the national economy will increase by 23.6 percent under the 12th Five-Year Plan. In Bulgaria capital investments in the national economy will increase by 25-30 percent, Mongolia--24-26 percent, Poland--19 percent, Romania--9-13 percent and Czechoslovakia--10-12 percent.

The overall tasks that have been earmarked have been concretely reflected in the development of industry, agriculture, transportation, trade and other branches of the national economy.

During the past 5 years another step has been taken toward development of industry and the average annual rate of increase during 1981-1985 amounted to 3.4 percent. The course toward intensification set the task of qualitatively transforming the industrial base of the national economies of the CEMA countries. The key to its resolution is the implementation of the measures earmarked in the Comprehensive Program for the Scientific and Technical Progress of the CEMA Countries Up to the Year 2000 for accelerated realization of the five major areas of cooperation: the introduction of electronics, comprehensive automation including flexible production systems, atomic energy, the creation of new materials and technologies, and biotechnology.

As compared to the preceding five-year plan, under the new one the following growth rates are envisioned for industrial production (in percentages):

	1985 Compared to 1980	1990 Compared to 1985 According to Basic Directions (Directives)	Average Annual Rates of Increase 1986-1990 According to Basic Directions (Directives)	1981- 1985
USSR	120	125	3.7	4.6
Bulgaria	124	125-130	4.4	4.6-5.4
Hungary	112	114-116	2.2	2.5-3.0
Vietnam	190	--	13.6	--
GDR	122	120-122	4.1	3.7-4.1
Cuba	157	--	9.5	--
Mongolia	155	130-134	9.2	5.4-6.1
Poland	102	116	0.4	3.0
Romania	122	134-137	4.0	6.0-6.5
Czechoslovakia	114	115-118	2.7	2.8-3.4

The greater increases in the output of industrial products will be achieved basically through increasing labor productivity. In the USSR, Hungary, the GDR, Poland and Romania it is planned to achieve the entire increase in industrial production as a result of this basic factor, in Czechoslovakia--92-95 percent, and Mongolia--about 80 percent.

The growth of labor productivity will be achieved basically through improvement of the organization of production, strengthening of labor discipline and order, extensive introduction of scientific and technical achievements and advanced practice, higher levels of professional mastery and economic knowledge of the workers, and an increase in the responsibility for the final results of their work.

Labor productivity in industry in 1990 will have increased as compared to 1985 in Poland by 16 percent (an average of 3.0 percent per year), Czechoslovakia--14-17 percent (2.6-3.2 percent), and Mongolia--12-16 percent (2.3-3.0 percent).

One of the major tasks under the current five-year plan will be improvement of the structure of industry, above all the shifting of efforts from increasing extraction and production of fuel and raw material to all-around economy of them and force development of the processing branches, especially machine building. Branches that determine scientific and technical progress and solve problems of modernization and increased effectiveness of the economy will develop at accelerated rates. This includes development of microelectronics, robot technology, modern computer equipment, and automated systems for designing, planning and controlling production based on computers.

In the USSR it is intended to increase the output of computer equipment 2.4-fold. This will make it possible to increase the proportion of machines and equipment with electronic means of control, including microprocessors, in the overall output of machine-building products from 5 percent in 1985 to 27-32 percent in 1990, and for certain of the most important kinds of them--up to 70 percent.

In Bulgaria it is planned by 1990 to increase the production of electrical and electronic products twofold, microprocessor equipment--2.5-fold, and the production of industrial robots and manipulators--3-fold, and they will also assimilate the production of multipurpose robots with adaptation systems and robots for assembly and installation work.

In the GDR under the current five-year plan in microelectronics it is intended to achieve an annual increase in the volume of production of active electronic elements of more than 26 percent and passive electronic elements--12 percent, and to increase the production of industrial robots and manipulators to 75,000-80,000 units and the number of automated work positions--to 85,000-90,000.

In Czechoslovakia during the period of 1986-1990 the electrical equipment industry will increase by 60-65 percent and it is planned to increase the production of unified industrial robots and manipulators and robotized technological complexes in conjunction with the development of individual machine building technologies.

Under the current five-year plan in the CEMA countries there will be extensive application of other key technologies such as flexible automated production systems, new technology for processing, biotechnology, atomic energy, laser equipment and the production of high-quality materials necessary for producing items of the latest generations. Their assimilation will lead to accelerated updating of production, improving of product quality and reduction of expenditures.

In the USSR under the 12th Five-Year Plan it is intended to expand the application of progressive technologies that are basic for each branch 1.5-2-fold. A significant place will be occupied by principally new technologies such as membrane, laser, plasma, technology using superhigh pressures and impulse loads, and so forth.

In the GDR the volume of biotechnical production will have increased three-fold in 1990 as compared to 1985. The proportion of electric energy produced at the atomic electric power stations in the overall growth output of electric energy by 1990 in the GDR will reach 15 percent and in Czechoslovakia--28-29 percent. Atomic energy engineering will also be developed in Bulgaria and Hungary.

One of the basic tasks of industry under the current five-year plan is to increase the output of high-quality products whose technical and economic indicators correspond to the best world models and which can compete on the foreign market.

In the USSR during the 5 years it is intended to approximately double the proportion of industrial products of the highest quality category.

In the GDR by 1990 no less than 60 percent of the new items should correspond to the highest world level. The degree of updating of products will amount to more than 30 percent, and 15,000-16,000 kinds of new items will be introduced into production.

During the current 5-year period Poland will develop more than 4,000 designs of machines and equipment, about 2,000 new and improved technologies and approximately 1,200 new kinds of materials.

By the end of the current five-year plan in Mongolia it is intended to increase the proportion of products of the first quality category to no less than 34 percent of the overall volume of industrial output.

Under the new five-year plan communists and workers' parties of the CEMA countries consider it a primary socioeconomic task to reliably provide the population with food and provide the processing industry with agricultural raw material. The importance of this task was emphasized in the latest party forums.

The five-year plans earmark measures for further increasing the effectiveness of agroindustrial complexes (APK)'s of the countries and decisively changing them over to primarily intensive development.

The totality of the branches of the APK's has already been formulated in the European CEMA countries. They account for 30-40 percent of the fixed production capital, people employed in the national economy and gross social product. In Vietnam, Cuba and Mongolia individual elements of the APK's are being formed.

Agricultural production will develop as a result of further strengthening of its material and technical base, the application of new technical equipment and technology, chemization, land reclamation and the introduction of progressive forms of labor organization.

In 1986-1990 as compared to the preceding 5 years the gross output from agriculture will increase in Bulgaria by 6-8 percent, Hungary--7-10 percent, Mongolia--18-20 percent, Romania--30-33 percent and Czechoslovakia--6-7 percent.

The average annual volume of production of agricultural products under the new five-year plan as compared to the preceding 5 years will increase as follows (in percentages):



	1981-1985 Compared to 1976- 1980	1986-1990 Compared to 1981-1985 According to Basic Directions (Directives)	Average Annual Rates of Increase 1986-1990 According to Basic Directions (Directives)
			1981-85 Compared to 1976 -1980
USSR	105.5	114.4	1.1
Bulgaria	107	106-108	1.3
Hungary	112	107-110	2.2
GDR	108	--	1.6
Mongolia	118	118-120	3.3
Poland	98	--	-0.5
Romania	110	130-133	2.0
Czechoslovakia	110	106-107	1.9

In the next 5 years in the majority of CEMA countries the volume of production of crop-growing products will increase primarily as the result of increasing productivity, and animal husbandry products--as a result of increasing the productivity of the main kinds of livestock.

In the USSR by 1990 it is intended to increase the gross yield of grain to 250 million tons, and its productivity--to 21 quintals per hectare. In Bulgaria by 1990 the grain yield will be 10 million tons, Hungary--17.5-18 million tons, the GDR--11.8-12.0 million tons (the productivity of the grain crops will be 50-52 quintals per hectare), Poland--25 million tons, Romania--30-33 million tons (the productivity of wheat and rye will be 40-42 quintals per hectare) and Czechoslovakia--11.5 million tons.

The intensification of public production and the earmarked increase in labor productivity are closely associated with the social policy of the fraternal parties. A central position in the plans of the CEMA countries where the current five-year plan is assigned to the social policy, which is directed toward further improvement of well-being and satisfaction of the growing material and spiritual needs of the people.

In 1990 as compared to 1985 the real per capita incomes in the USSR will increase by 14 percent, Bulgaria--by 12-15 percent, Hungary--by 9-11 percent, the GDR--by 20-23 percent, Mongolia--by 7-9 percent and Czechoslovakia--by 11-13 percent.

On the whole during the years of the five-year plan the average earnings of workers and employees in the USSR will increase by almost 15 percent, and the wages of kolkhoz workers will increase by an average of 18 percent; their real incomes taking into account revenues from private subsidiary farms will be practically equal to the incomes of workers and employees. By the end of the five-year plan the monetary earnings will increase in Bulgaria by 13-16 percent, Mongolia--by 3.5-5 percent and Czechoslovakia--by 6.5 percent.

The growth rates of payment from public consumption funds under the new five-year plan will outstrip the growth rates of earnings and other private incomes of the population.

In the USSR payments and benefits to the population from them will increase by 25 percent.

The earmarked increase in monetary incomes of the population will significantly increase the buying capacity of the population.

A task of primary importance is to continuously supply the population with necessities. In the USSR the retail commodity turnover of state trade (not including the volume of sales of alcoholic beverages) will have increased by 33.4 percent in 1990 as compared to 1985. During this same period the retail commodity turnover will increase in Bulgaria by 22-25 percent, the GDR--by 21-22 percent, Mongolia--by 20-23 percent and Romania--by 9-10 percent.

Under the current five-year plan it will be necessary to increase the production and diversify the assortment of consumer goods in order to more fully satisfy the high demands placed on their consumer qualities, technical level and aesthetic appearance. In the structure of sales of goods there should be a further increase in the proportion of sales of nonfoodstuffs. The proportion of these goods in the retail commodity turnover of the USSR will increase from 51 percent in 1985 to 60 percent in 1990, and the GDR--from 51 percent to 53 percent, respectively. The sale of cultural and domestic durable goods to the population will increase. As a result of the increase in the deliveries of durable goods to the domestic market there will be an increase in the degree to which they are supplied to households. In Bulgaria in 1990 for every 100 families there will be 100-103 television sets, 95-98 washing machines, 98-100 refrigerators and 38-39 passenger cars.

Under the current five-year plan there will be further development of the sphere of consumer services. In 1990 the volume of paid services rendered to the population will increase in the USSR 1.5-fold, Bulgaria--by 70-80 percent and Mongolia--by 27-29 percent. The quality of services rendered to the population will improve under the current five-year plan and the range of them will increase considerably. Special attention will be devoted to the sphere of services rendered to workers at their place of work and in small population points, and also services that facilitate housework.

There is to be further development of housing construction. As compared to the preceding five-year plan the number of apartments constructed will increase: in Bulgaria--from 340,000 to 360,000, the GDR (including modernized)--from 989,000 to 1,064,000, Poland--from 958,000 to 1,050,000 to 1,150,000, and Romania--from 707,000 to 725,000. In Mongolia it is planned to increase the volume of housing construction by 32-35 percent using funds from state and cooperative organizations and to put into operation residential buildings with an overall area of 1.1-1.2 million square meters. In the USSR it is intended to introduce residential buildings with a volume of 595 million square meters during the 5 years.

Consistent deepening of socialist economic integration is of ever greater significance for more effective solutions to tasks of all-round progress of each of the fraternal countries, acceleration of intensification of their public production and further equalization of the levels of their economic development. At the congresses of the fraternal Marxist-Leninist parties they have unanimously noted the importance of all-round strengthening of the cooperation and interaction among the CEMA countries. In the modern stage the implementation of the Comprehensive Program for Scientific and Technical Progress of the CEMA Countries Up to the Year 2000 is called upon to make a large contribution to the acceleration of socioeconomic development and the consolidation of the unity and solidarity of the fraternal countries.

The program, which has developed into a system of intercoordinated agreements and contracts on the basis of bi- and multilateral programs, will be the basis of scientific and technical coordination within the framework of the CEMA and one of the leading and organizing forces for further deepening of socialist economic integration.

Unanimously approving the tasks set forth by the party forums for acceleration of the economic and social development of the CEMA countries and the strengthening of fraternal interaction, the peoples of the countries of the socialist community are successfully beginning to implement the creative plans that were earmarked by the regular congresses of the fraternal parties.

#### FOOTNNOTES

1. See "Economic and Social Development of CEMA Member Countries in 1985" from VESTNIK STATISTIKI, 1986, No. 6, p. 58.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

IBEC, IIB FINANCING OF SCIENTIFIC, TECHNICAL PROJECTS

Moscow EKONOMICHESKAYA GAZETA in Russian No 34, Aug 86 p 20

[Interview with Prof Yu.A. Konstantinov, chief of the Foreign Exchange and Finance Department of the CEMA Secretariat, by the editors of EKONOMICHESKAYA GAZETA: "Financing of Scientific and Technical Progress"]

[Text] "The CPSU considers as a matter of special importance the adoption of the Complex Program of Scientific and Technical Progress of CEMA Member-Countries..." states the Resolution of the 27th Congress of the Communist Party of the Soviet Union on the Political Report of the CPSU Central Committee. Exceptionally great importance is attached to the Complex Program of Scientific and Technical Progress in the communist and workers parties of other CEMA member countries.

Readers of EKONOMICHESKAYA GAZETA, interested in questions of practical realization of the Complex Program, ask in particular what measures are being adopted ensuring its financing. The editors turned to the chief of the Foreign Exchange and Finance Department of the CEMA Secretariat, Professor Yu.A. Konstantinov, with a request to answer a number of questions.

[Question] When people speak of ways of accomplishing the Complex Program of Scientific and Technical Progress of CEMA Member Countries to the Year 2000 (KP NTP), they usually also have in mind the system of its financing. What specific documents could you mention that have been worked out and approved within the CEMA framework on this important question?

[Answer] First of all, I would mention the main document--the Complex Program, approved at the 41st (extraordinary) meeting of the CEMA session at the end of December of last year. Its chief provisions were published in the press, including in EKONOMICHESKAYA GAZETA. The document contains Section 3, which is called "Ways of Realization." It states: "The financing of agreed-upon measures of cooperation for the realization of the program will be carried out through the use of national resources and credits of the International Investment Bank and the International Bank of Economic

Cooperation as well as general funds created by the interested countries for the financing of very important individual measures which will be spelled out in agreements and contracts."

Guided by this position, the permanent CEMA Commission on Foreign Exchange and Financial Questions developed proposals on the manner of forming and functioning of general funds created by the CEMA interested member countries for the financing of very important individual measures of the Complex Program of Scientific and Technical Progress of CEMA Member Countries to the Year 2000. The CEMA Executive Committee approved the commission's proposals and recommended to the CEMA member countries interested in the creation of general funds to be guided by this document when they or their economic organizations conclude agreements and contracts for the realization of problems of the KP NTP.

[Question] Then from the financial point of view, financing can be separate and joint?

[Answer] Quite true, and not only from the financial point of view but also from the position of ensuring the economic interests of the countries. In separate financing, each party completely finances the part of the work it has assumed. Joint financing is based on the share participation of the interested parties on the basis of their need for the end scientific and technical or production result. I would like to emphasize that this entails such an important principle of financing the KP NTP as flexibility.

[Question] In what context should the general funds be considered under joint financing?

[Answer] Most directly. General funds are one of the possible forms of joint financing of scientific and technical research conducted by CEMA countries on a cooperative basis.

[Question] What then is the special feature of general funds?

[Answer] They are created by the interested parties for the financing of specific scientific-research and experimental-design work for limited periods of time. If the parties consider it practicable for the financing of certain work to create general funds then they must specify in appropriate agreements or contracts the purposes of such funds and the conditions of their formation, function and liquidation as well as amounts and manner of contribution by the parties, ways of carrying out mutual settlements and other questions.

Capital of the general funds is intended for the payment of expenditures of performing organizations on the amount of work accomplished by them, the acceptance of which is done in accordance with the stages and time periods of their performance as specified in the agreements and contracts on scientific and technical cooperation.

[Question] In what currency can general funds be formed?

[Answer] The document approved by the CEMA Executive Committee recommends that they be basically be created with transferable rubles. In individual valid cases, they can also be formed with convertible exchange on agreement of the countries.

[Question] What can be said of the conditions of use of the general funds?

[Answer] General funds are capital of strictly purposeful designation. For this reason they can be used only for carrying out those measures for whose financing they were created. At the same time, the amount of capital of the funds is determined by the total of expenditures determined by the general estimates of work financing, which are agreed upon by the parties and are an integral part of the agreement and contracts on scientific and technical cooperation. In valid cases, the interested parties have the right to agree on making more precise the general estimates of expenditures, sizes of funds and the amounts of share participation.

The CEMA Executive Committee has instructed the Council's Secretariat to send proposals to the CEMA Permanent Commission on Currency and Financial Questions, concerning which we are now talking, and to pertinent CEMA organs and international economic organizations of the member countries of the Council for Economic Mutual Aid for their use in performing work relating to the KP SNP since the executors of the program have this document.

[Question] What is the role of the CEMA countries' collective banks in the financing system of the KP NTP?

[Answer] Readers of the weekly know that the program is distinguished by its large-scale and long-term character. For this reason it is natural that its fulfillment requires significant financial and currency resources. In addition, everyone seemingly understands that this capital invested in scientific research cannot produce an economic effect immediately. It will be manifested gradually, with the introduction of end results of scientific developments into production and the acceleration in this connection of its development primarily on an intensive basis. In order not to permit corresponding overloading of the state budgets of the CEMA countries that are participants in fulfillment of the Complex Program, we are considering using in addition to our own national resources borrowed capital which can be obtained from the International Investment Bank and the International Bank of Economic Cooperation.

But since the discussion concerns banks, in the given case, "credit extension" should be used in place of the term "financing." Banks, as we know, offer their funds only through a loan. Consequently, the receiver of credit must have a source for its repayment. I assume that such a source could be part of the economic effect obtained from introducing into production the end results of the KP NTP.

[Question] But the International Investment Bank and the International Bank of Economic Cooperation are banks serving different spheres of mutual economic cooperation: the IIB is for investment and the IBEC is for foreign trade. In what way are they able to extend credit for specific activity connected to

the realization of the Complex Program of Scientific and Technical Progress and scientific developments?

[Answer] I cannot at present answer this question officially. It is still being studied by bank specialists. We are considering examining it at the regular meetings of the IBEC and IIB councils,, which will be held at the end of September and the beginning of October of this year. At this time, I can only express a few views. First of all, I would like to direct attention to the following consideration. Work on approved measures of the KP NTP is proceeding on the basis of the cycle "science--equipment--production--sale." Naturally, scientific-research and experimental-design work will predominate in its basic research character. It cannot immediately provide an economic effect, making it possible to return funds obtained as loans from banks. Consequently such work obviously has to be financed from the proper national sources, including budget allocations.

But monetary capital is needed not only for scientific research. It is also needed when the results of scientific research are introduced into production and the sale of finished products will begin. And it is here that the possibility appears of using credits of the International Bank of Economic Cooperation, for example, for the payment of a portion of the expenditures of the executing organizations not covered by their own funds. Specifically, they could be expenditures for the purchase of equipment being assembled and of raw and other materials. As shown by experience, such expenditures in the sale of finished products are paid back usually in 2-3 years. This time period is adequate to make a timely return to the bank of the loan gotten from it.

[Question] Who would be able to obtain credit from the IBEC?

[Answer] As I have already pointed out, application for the use of credit from the IBEC is considered at the stages of "production--sale." The chief performers of work connected with the KP NTP at these stages are national production units participating in production specialization and cooperation with similar organizations of other CEMA countries, including on the basis of direct connections. They could be national production enterprises, associations and combines organizing the production of products as a result of the introduction of scientific and technical research. A head organization is possible as the responsible performer if it participates in corresponding work on a cost-accounting basis.

Currently, however, the IBEC, as an international bank, does not directly issue credit to national organizations. Of course, if the initiator countries of the bank consider this feasible, it probably would be able to organize credit extension to national enterprises as well. But specialists are of the opinion that it is better to carry out credit extension measures relating to the Complex Program of Scientific and Technical Progress through banks of the CEMA countries authorized by the IBEC. In some countries, these are national banks and in others specialized, foreign-trade banks. Such banks have open accounts for national organizations, and they have the possibility to effectively extend credit to them. The IBEC in its turn can grant to authorized banks special purpose credit for measures relating to

specialization and cooperation of production, satisfying in such a form certain needs of national organizations, executors of the KP NTP, for financial capital. Specialists also designate another form of credit participation of the IBEC in the execution of this program. The program is based on the fact that joint scientific-technical and production associations can be created for its realization. They, however, being international, have the possibility to directly make payments in transferable rubles through the IBEC, to place in this bank free funds and to obtain credit.

[Question] How could the International Investment Bank participate in the realization of the Complex Program of Scientific and Technical Development?

[Answer] The IIB, like the IBEC, is a credit institution which finances no one without a return and grants bank credit on a loan basis for a time. At the same time, the sphere of operation of the IIB is different from the IBEC. The IIB extends credit for investment expenditures. They are considered when the question is examined of the IIB's aid in the realization of the KP NTP. Inasmuch as the timely return of loans it has issued is important to this bank as a credit institution, it must be assumed that it cannot finance theoretical and basic scientific work. I believe that the role of the IIB in the realization of the KP NTP should be exercised in the issue of credit for investment outlays connected with the development, creation and introduction into production of a specific product, primarily efficient equipment and advanced technology. The bank with its credit can first of all help to establish industrial production of new equipment, to introduce new technological processes and to contribute to reequipment of enterprises.

[Question] What organizations have the right to obtain credit from the IIB?

[Answer] The opinion is that it can be obtained by those organizations which are authorized by a country's competent organs to do this. For example, enterprises and organizations, including head organizations, the executors and coexecutores of corresponding work, operating on cost accounting. It is important in this connection for the credit to be issued on the guarantee of authorized banks of the countries.

[Question] So that there is still something to work in the sphere of financing the Complex Program of Scientific and Technical Development?

[Answer] Without a doubt what has been done does not signify the decisive completion of this work. One cannot but help recall here the requirements formulated in the Resolution of the 27th Congress of the Communist Party of the Soviet Union: "The CPSU... considers it a matter of honor for Soviet communists, scientists, engineers and workers to display an innovative and initiative approach to the key directions of socialist economic integration." Understandably, such an approach is also required today of finance specialists, taking in addition into consideration that the KP NTP constitutes one of the chief key directions of economic integration of CEMA countries.

This is why the work on developing the adopted documents connected with the financing of the Complex Program should of course be continued, relying on the experience of their practical application. As to general funds, for example,



there is an explicit instruction by the CEMA Executive Committee. At the 119th session it instructed the Permanent Commission for Foreign Exchange and Financial Questions to maintain a systematic watch over the practical work of formation and operation of the stated funds, keeping in mind while taking into consideration acquired experience to submit for the examination of the Executive Committee proposals on a possible revision of the presently operative document.

In conclusion, I cannot help but say that the financial experts have accumulated solid experience in active participation in the financing of many large-scale integrated projects. Without a doubt, it will now help them to actively contribute to the realization of the Complex Program of Scientific and Technical Progress of the CEMA Member Countries to the Year 2000. The financial experts in this way will make their contribution to the realization of the conception of accelerating economic growth of the fraternal countries.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

TAX ASSESSMENT SYSTEMS IN CEMA COUNTRIES EXAMINED

Moscow FINANSY SSSR in Russian No 9, Sep 86 pp 65-67

/Article by Bulgarian Doctor of Economic Sciences I. Vuchev, based on the results of joint research by the scientific research institutes for finance in a number of CEMA countries, under the "Experience of the Socialist Countries" rubric: "The Organization of Income and Property Tax Assessment in the CEMA Member Countries"

/Text/ Popular taxation is of limited importance as a source of budget revenues in the CEMA member countries. In most of them, the relative share of revenues from taxing the incomes and property of the population has not surpassed 8-10 percent. In all of the socialist countries, the overwhelming part of funds received as a result of taxing the population comes from income taxes.

Revenues from all or from a large part of popular income and property taxes are paid into local budgets. This helps to create a stable financial base for local organs of power. Their financial independence is increased. The people clearly see that funds received from taxes are being used in their own direct interests. This is an important prerequisite for increasing their understanding and willingness when paying taxes.

The organization and role of progressive income tax assessment depend upon the aggregate of social and economic conditions which exists at one or another stage of development and on general and specific goals and problems at each of them. During the first years of popular power, reforms were made to income tax assessment in order to bring it into agreement with the new political and socio-economic conditions.

During the subsequent period, various changes have been made in the structure and organization of income tax assessment in individual countries. In some of them, taxation of incomes received from the public sector was reduced, while taxes levied on wages were abolished either in essence or in form. In the middle of the 1970's, progressive taxation of wages in Poland was replaced by a so-called equalizing tax, which was imposed on payments for labor which exceed a certain limit. In 1975, one-time taxes were levied on property and cash

funds, as a result of which large amounts were collected for financing social and cultural measures. Since 1977, progressive taxes on wages in Romania have been replaced by payments by enterprises, organizations and institutions, the size of which is proportionate to their wage fund. In Hungary, wages are not a subject of direct tax assessment, but workers and employees make social insurance payments, in which the progression reaches 10 percent for higher wages. In the remaining CEMA member countries (Bulgaria, East Germany and Czechoslovakia), direct taxation of wages is restricted. Payments to authors and incomes from private economic activity are everywhere subjected to progressive assessment.

In most CEMA member countries taxation of incomes which are different in character is differentiated to one degree or another. Wages and analogous payments for labor are assessed at lower rates, while payments to authors (honoraria) and incomes from private economic activity are assessed at higher ones. Incomes from the personal (secondary) economic activities of workers, employees and collective farmers are assessed at lower rates than wages and certain elements of them are entirely freed from taxation.

As a rule, wages and the annual total of honoraria and incomes from private economic activity are assessed directly. The withholding of progressive taxes from wages at their source (at the moment they are received) has indisputable advantages. Calculation and payment of taxes by enterprises, institutions and organizations is accomplished quickly, reliably and with minimum expenditures of labor.

In Czechoslovakia, in contrast to the other countries, two progressive tax rate tables are used: one is for monthly pay and the other for its annual total, which makes it possible to eliminate the influence of monthly pay fluctuations on the level of tax assessment.

The progressive tables being used witness to the low level to which wages are taxed in the CEMA member countries. The rates in the tables vary within rather narrow limits. In some countries, the upper limit of the progressive scale relates to wages which are very close to the average wage. There are also Progressive scales in use which rise irregularly. In a majority of the CEMA member countries, it is gross monthly wages which are subject to tax assessment. In East Germany, awards, extra pay for work in difficult conditions, during the night shift, on days off and holidays, and certain other supplementary payments are excluded from the amount subject to assessment. All progression tables include a nontaxable minimum. The circle of persons and incomes exempted from tax assessment is different in individual countries. In most of them, pensions, scholarships, financial aid and benefits paid by the social security system, insurance benefits, temporary duty payments, payments to people who are totally disabled or whose ability to work is considerably limited and to invalids, interest on deposits, prizes awarded to winners of socialist competitions, certain types of compensation in kind,

etc. are not taxed. Differences in tax advantages depend on the specific characteristics of socioeconomic development, on the formation and level of incomes, and on the significance of individual types of activity and income. Thus, in East Germany, workers in the production sphere receive advantages in the assessment of that part of their wages which is a result of exceeding labor norms. In Czechoslovakia, payments up to a specified amount for fulfilling particularly important state and scientific and technical tasks are exempted from taxation. In all the countries, earnings from second jobs are taxed as a part of total wages.

Income taxes are levied taking account, to one degree or another, of family situation and the number of children in the family.

Payments to authors (honoraria) are usually taxed separately from wages and other forms of income, in accordance with progressive rates.

In all the CEMA member countries, incomes from private economic activity are taxed at the highest rates, according to individual progressive tax tables. In Bulgaria, incomes from handicrafts, trade, free professions and real estate rentals are taxed at progressive rates ranging from 9 to 81 percent. In East Germany, the limits of progressive rates for incomes derived from private economic activity have been set at from 11.2 to 60 percent. In Hungary, income taxes are paid by persons engaged in handicraft and private trade activities, who receive incomes from rental of property, etc. The progressive scale begins at 6 percent and reaches 75 percent. In essence, the system of tax assessment is a single whole, as it encompasses incomes from all types and forms of private economic activity. In Poland, the progression for all groups of income begins with 20 percent and reaches 80 percent, depending upon annual income and with a set nontaxable minimum. In Romania, the progression is more moderate: the lower limit is 10 percent, while the upper one is 34 percent. On the average, the level of tax assessed is 40 percent higher than for wages. At the same time, the total amount of tax cannot exceed 45 percent of the taxable income of juridical persons which are not socialist organizations. In Czechoslovakia, the upper limit of the progressive scale for incomes from private economic activity comes to 65 percent. Individuals involved in handicrafts who make use of industrial production methods pay a 30 percent supplement to the applicable tax.

The practice of taxing incomes received from personal use of plots of land has become relatively widespread. The tax is calculated as an absolute amount per unit of area. This is because of the difficulty of determining incomes actually obtained from each of the private plots, and also because of a desire to stimulate output of agricultural products. An important problem of regulating incomes from personal economic activity and from private agriculture is the assessment of differential rent. In certain countries (Hungary, East Germany and Czechoslovakia) a separate form of tax is used for exempting part of the rent.

In Poland, incomes from private agricultural activity are subject to a progressive income tax, which is determined on the basis of evaluative norms, and to a proportionate tax for the benefit of developing agriculture. Incomes from certain types of agricultural activity are assessed an equalizing tax. In Romania, the land tax is differentiated depending upon the category of the land and the means of its utilization. It is set in the form of an absolute amount per hectare of land, which is divided into four categories (plowed fields, pasture and meadow, fruit orchards, vineyards and irrigated plots). Incomes from working and productive livestock are exempted from taxation. In Czechoslovakia, incomes from agriculture are determined according to norms. Tax rates are set within limits ranging from 5 to 30 percent. The size of the tax is reduced or increased depending upon the family situation of the taxpayer. Incomes from raising certain crops are not subject to assessment if their annual amount does not exceed set limits. National committees can increase or decrease the tax up to 50 percent of the assessed amount.

There are definite differences in the scope, level and methods of levying property taxes on the populations of the CEMA member countries. Both progressive tax rates and fixed-amount rates are in use. Some socialist organizations also pay a property tax. The value of the property, determined on the basis of norms or market price, is used as a basis in calculating it. In certain countries, the size of the tax is differentiated depending upon the amount and location of the property, the way it is used, living area, and other criteria.

In Bulgaria, taxes on structures are levied on the buildings, yard areas, and construction plots of citizens. The basis for assessing taxes is the so-called tax evaluation of buildings belonging to natural persons. It is considerably less than their actual value.

In East Germany, the total property tax is levied only when the value of a family's property exceeds a minimum nontaxable amount which is determined on the basis of the number of family members. Assessment is progressive and rates range from 0.5 to 2.5 percent of the value of the property. Owners of plots of land pay a land tax. When such plots are bought and sold, a tax is levied equal to 7 percent of the selling price.

In Hungary, natural and certain juridical persons, which have the use of permanent and temporary buildings, are assessed a so-called building tax. Living spaces as well as spaces used for stores and tradescrafts are subject to this tax. The amount of the tax depends upon where the property is located, the extent of building improvements, the number of rooms, and how it is used -- for housing or for economic activity.

In Romania, a building tax is levied on natural and juridical persons which are not socialist organizations. Percentage rates are differentiated in dependence upon the purpose and location of the buildings and the category of the taxpayers. The value for which the property is insured serves as the tax basis. The tax is set at one percent for buildings in municipalities and

cities (at 1.5 percent if the owner is engaged in private economic activity) and at 0.75 percent for rural structures.

In Poland, the population and organizations which are not in the public sector are required to pay real estate taxes. The real estate of the rural population and the living quarters of certain families, which have been bought from the state, are exempted from assessment. By character, this is more of an income tax than a property tax. The basis when assessing buildings and lands which are rented out is the size of living area and of the rent received. The tax is set as a percentage rate of the rent and as an absolute amount per unit of living area. The tax on buildings is differentiated depending on their location, purpose and equipment.

In Czechoslovakia, buildings for residential and production needs and yard areas are subject to property tax assessment. Since 1978, owners of private living quarters have been exempted from paying this tax. It is also not levied if a building is used for agricultural purposes. Taxes are assessed on the basis of the leased area and the amount of rent paid. The size of the tax is determined as an absolute amount per unit of area. It is differentiated depending on the number of residents in population points. National committees can increase or decrease the amount of the tax up to 50 percent. In most countries, newly constructed residential buildings are exempted from tax assessment for a certain period of time with the aim of stimulating housing construction.

In all the CEMA member countries inheritances and gifts are a subject of progressive tax assessment, and there are no fundamental differences in the organization of this. In Bulgaria, real estate is assessed according to the norms which are used in assessing taxes on buildings, while personal property is assessed according to its actual price. The property (inheritance) received by every heir is subject to assessment. The progressive scale starts at 2 percent and goes up to 50 percent. For heirs along indirect lines, the tax is increased by 20 percent, and for others -- by 50 percent. Gifts are assessed in accordance with a separate progressive table. The same system for assessing inheritances and gifts exists in East Germany, with the difference that heirs are divided into two groups. Spouses and children pay progressive taxes ranging from 4 to 50 percent, while all other heirs pay from 11 to 80 percent. In Poland, heirs are divided into 4 groups: spouses, descendants, parents, and adopted children; other older relatives, sisters and brothers; descendants of sisters and brothers; and all other heirs. Before 1975, inherited property was evaluated on the basis of market value. In 1982, residential buildings and spaces belonging to cooperatives were evaluated by the cooperatives themselves, while others were evaluated on the basis of market value. Residential property belonging to a single family is taxed on the basis of its insurance value. The list of inherited items which are exempted from taxes has been increased. The levels of the upper and lower limits of the progressive rates have been lowered in each of the four groups.

Problems of improving income and property tax assessments have different degrees of urgency in individual countries. The necessity of maintaining and utilizing income and property tax assessment at the present stage is recognized.

Questions of the tax basis or the unit of tax assessment are being discussed in the economic literature of certain CEMA member countries. This discussion centers around what kind of income to use as a basis for assessment -- the income of an individual person (personal income) or of a family, taking account of how many members it has. This is an important and complicated problem. It is directly related to resolving the question of using a single or a differentiated basis for taxing peoples' incomes, which vary in character, the conditions and means by which they are earned, their level and their dynamics. Differentiation, which deserves serious favorable consideration, to a certain degree complicates transition to the system of progressive taxation, which is based on total family income. Experience shows that the income tax can also be tied to family situation and the number of children in a family under a system of differentiated assessment. In almost all the CEMA member countries, this tie is relatively limited.

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THIRD WORLD ISSUES

KIM BOOK ON NATIONAL LIBERATION REVOLUTIONS REVIEWED

PM241649 Moscow PRAVDA in Russian 19 Nov 86 First Edition p 4

[Book review by Candidate of Historical Sciences V. Tolstikov: "Along the Path of Social Liberation"]

[Text] The 27th CPSU Congress documents state that social progress in our time is closely linked with anticolonial revolutions and the National Liberation Movement. These are making a constantly increasing contribution to the struggle for social progress and peace. A monograph by G.F. Kim, corresponding member of the USSR Academy of Sciences, is devoted to this topic. (Footnote) (G.F. Kim "From National Liberation to Social Liberation" [Ot Natsionalnogo Osvobozhdeniya k Sotsialnomu] [The Sociopolitical Aspects of the Current National Liberation Revolutions) Moscow, Nauka Publishing House, 1986)

The book casts light on the characteristic features of the evolution of the social and class structure of liberated countries with a socialist orientation, the basic trends of the ideological struggle, the characteristics of the nonaligned movement's strategy, and the outlook for liberated countries' social progress.

Reaction's attempts to preserve the system of neocolonialist exploitation in developing countries are evoking the patriotic forces' active opposition. On the basis of this profoundly antagonistic social conflict between the national democratic forces and imperialism, the author writes, the social base and the scope of mass anti-imperialist movements are deepening and expanding in the countries of the East. The book reveals the natural and logical character of the political alliance between the forces of world socialism and national liberation.

The liberated countries' profound concern for the fate of their security and development is reflected in the steady growth of the nonaligned movement, which acts in the main from anti-imperialist and anti-colonialist positions and favors the elimination of the threat of a thermonuclear catastrophe, a just settlement of regional conflicts, and relaxation of tension in the world. While actively supporting the USSR's peace initiatives, nonaligned states are themselves launching important anti-imperialist actions.



Characterizing the specific features of the present stage in the national liberation movement, the author comes to the conclusion that the conflict between the national democratic forces and imperialism is deepening while, simultaneously, the social base and the scope of mass anti-imperialist movements is broadening in the countries of the East.

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THIRD WORLD ISSUES

'MUSLIMS FOR PEACE' CONFERENCE HELD IN BAKU

[Cross Reference] For Soviet and foreign media coverage of the 'Muslims for Peace' conference held in Baku in early October see USSR Report: Political and Sociological Affairs, number JPRS-UPS-86-053 of 12 November 1986, pp 64-69.

CSO: 1807/72

WESTERN EUROPE

NORWEGIAN TRADE UNION DELEGATION IN UZBEKISTAN

Tashkent PRAVDA VOSTOKA in Russian 5 Sep 86 p 1

[Text] A delegation of the Central Association of Trade Unions of Norway arrived in Uzbekistan. Association chairman Tor Halvorsen headed the delegation which was in our country at the invitation of the ACCTU.

The Norwegian trade unionists visited the Uzbek SSR Exhibit of the Achievements of the National Economy and the Kolkhoz imeni Lenin in Yangiyulskiy Rayon and went sightseeing in Tashkent.

Chairman of the Presidium of the Uzbek SSR Supreme Soviet A. U. Salimov received the delegation on 4 September. ACCTU Secretary A. M. Subbotin, who accompanied the guests by train throughout the country, and Uzbek Council of Trade Unions Chairman Kh. A. Alimov participated in the discussion.

CSO:1807/65-P

WESTERN EUROPE

USSR, AUSTRIA MEET ON PATENTING, LICENSING AFFAIRS

Tblisi ZARYA VOSTOKA in Russian 18 Sep 86 p 3

[Text] GRUZINFORM. The prospects for future expansion of cooperation between the Soviet Union and Austria in the area of patenting and licensing were discussed at a seminar which opened in Tbilisi.

Representatives of industrial firms and specialized offices which carry out patenting in various countries of the world participated in the seminar for the Austrian side. The Soviet side was represented by workers of the USSR State Committee for Invention and Discovery Affairs and All-Union associations in the field of patenting and importing of products of machine building.

The work of USSR and Austrian specialists in the field of patenting and licensing is aimed at developing the national economies in such a way that the potential resources and creative efforts of the peoples of the two countries serve their own good, so that international economic relations are established on the basis of equality, justice, and overall consideration for the interests of all countries.

The seminar lasted until 19 September.

CSO:1825/30-P

WESTERN EUROPE

SWEDEN, USSR SIGN COPYRIGHT AGREEMENT

[Editorial Report] Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK in Russian No 15, 1986 pp 229-231 published the text of an agreement between the governments of the USSR and Sweden on mutual protection of the rights of authors. The agreement, signed in Moscow on 15 April 1986, states that it does not affect the rights and obligations of the signatories as provided by the 6 September 1952 World Copyright Convention or other international agreements signed by the two states.

CSO:1807/69-P

WESTERN EUROPE

UK-USSR SIGN AGREEMENT ON ECONOMIC, INDUSTRIAL COOPERATION

[Editorial Report] Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK No 18, 1986, pp 274-279, publishes the text of "The Program of Developing Economic and Industrial Cooperation between the Union of Soviet Socialist Republics and the United Kingdom of Great Britain and Northern Ireland for the Period 1986-1990." The agreement, signed 15 July 1986, covers cooperation in the construction, expansion, and modernization of industrial enterprises in the UK and USSR, construction in the USSR of industrial enterprises for compensation, industrial cooperation, including joint production, by Soviet and British organizations and enterprises, and prospects for expanding mutual exchange of goods and services.

CSO:1825/29-P

EASTERN EUROPE

POLAND, USSR TRADE IN CONSUMER GOODS

Minsk SELSKAYA GAZETA in Russian 6 Nov 86 p 3

[Article by BELTA correspondent P. Susikov: "There Are No Secrets Among Friends"]

[Text] The exhibit in Brest of cultural and consumer goods which displayed wares from the local industries of Latvia, Lithuania, Estonia, and Belorussia and firms in the Polish People's Republic has closed. Its participants discussed prospects for the cooperation of enterprises which specialize in producing consumer goods and outlined specific measures to improve trade in these items.

First deputy chairman of the Belorussian SSR Gosplan B. A. Makeychenko told the Belta correspondent: "This is the first time there has been such an exhibit in the republic. The exhibit showed 1500 items from enterprises and people's industries in Poland, with which we have established firm trade ties within the framework of economic integration of CEMA member countries. Belorussian refrigerators, cameras, watches, pianos, dishes, and fabric are sold on the Polish market. Through imports from the Polish People's Republic our republic also to a significant degree is meeting the demand for consumer goods, polygraphic equipment, agricultural implements, and fruits. Partnership and bilateral exchange of goods is expanding between the department stores of Brest and Lyublin, Minsk, Warsaw, and Poznan.

Specialists of republic ministries of local industry and gosplans of the region pointed out how to utilize secondary and local raw materials to produce cultural and consumer goods, exchanged experience, and agreed to concentrate the production of about 30 types of goods in those enterprises where technology is well organized. The production of 86 new, very popular items is planned.

The transactions concluded at the exhibit will make it possible to eliminate the shortage of many goods and will promote the expansion of mutually advantageous exchange.

EASTERN EUROPE

SFRY: ECONOMIC SITUATION DESCRIBED AS 'CRISIS'

Moscow IZVESTIYA in Russian 15 Jul 86 p 5

[Article by N. Yermolovich and N. Yefimov, IZVESTIYA correspondents under the "Letters From Yugoslavia" rubric: "Cities and People"]

[Text] Our car speeds to the south out of Belgrade. The road runs through Shumadia, a hilly region that was once entirely covered with forests. We pass through fields in which there is no one to be seen. They come out toward evening when the heat subsides. The villages are almost entirely newly built. The construction is solid and handsome. The land is peaceful and well cared for. But its history is stormy. The people of Shumadia were the first to rise up in a war of liberation against the Turks. There were popular revolts here at the beginning of the 19th century that were the prologue for the liberation of Serbia. These green hills were witness to the savage battles of World War I. And quite nearby, along our way, Yugoslav patriots, in answering the call of the Communist Party, began the armed struggle with Hitler's occupiers. That took place immediately after the attack of fascist Germany on the Soviet Union.

We will have more to say about this later. But now our thoughts turn back to our first encounters and impressions.

In reading the Yugoslav press and the documents of the 13th LCY Congress, one cannot fail to pay attention to the critical appraisals of the current state of the country's economy, of the implementation of social and national policy, and of the situation in the party. They write about this openly and intensely and there is nothing you can add.

Our hospitable hosts (we were guests of POLITIKA, a newspaper formally Serbian but distributed throughout the country and is considered to be one of the most popular here) organized interesting meetings and trips. We were received by Ivan Stambolich, chairman of the Presidium of Serbia. We talked with Aleksandr Bakochevich, chairman of the Belgrade City Assembly; Mirko Marinovich, deputy to the union secretary for information; Zhivorad Minovich, chief editor of POLITIKA; international specialist Risto Bayalskiy and economist Zvonko Logar, leading contributors of the newspaper; managers of the communities Valevo and Titovo-Uzhitse; and other comrades.



The picture of contemporary Yugoslav reality was thus enriched with details essential to journalists. It was extremely useful for us to learn the opinion of our interlocutors, people who are vitally interested and take a most active part in the social and political and socioeconomic processes under way.

They are complex and ambiguous. For some time now, they have more and more frequently been using the word "crisis" to describe the economic situation in Yugoslavia. It appeared at the beginning of the 1980's. Until that time, they spoke of difficulties and complications.... The primary reason for these phenomena was the desire to overcome the age-old economic backwardness as quickly as possible and to reach the level of the developed countries. But these overly bold and at times ambitious plans were at odds with economic criteria. The rates of economic development in the country were very high throughout almost the entire postwar period. But disproportions developed in the national economy. The new enterprises had to work not only for the internal but also for the external market. Yugoslavia is too small a country to produce only for itself. If it does not participate in the international division of labor, then it has to develop all sectors including those that are unprofitable, for which the country has no raw materials and other resources. And that is precisely what happened.

It was easy to obtain credit abroad; there were practically no limitations in doing so. Almost every organization borrowed abroad, paying no attention to the state of the country's balance of payments or to the possibilities for repaying the loans. As a result, Yugoslavia's foreign debt amounted to about \$20 billion (excluding interest) at the end of 1985. This is an excessively large sum for Yugoslavia. It is enough to say that it was among the eight countries with the highest indebtedness.

It is not even a matter of the size of the credits but that they were not spent effectively. They did not use them for the structural reorganization of the national economy and to bring about a sharp increase in exports.

But then chaos came to the world economy, dealing a severe blow to the unprepared Yugoslav national economy. In 1973, oil prices rose abruptly. Yugoslavia produces less than 4 million of the 15 million tons that it needs annually. The rest has to be imported from abroad. The United States (it dictates its own will to the entire capitalist financial world) sharply increased the interest rates for credit. Yugoslavia ran short of foreign exchange to pay off the principle and interest. It had to reduce imports, including new technologies, spare parts for equipment already purchased, semifinished products, and raw materials. The result is a decline in exports as well as in foreign exchange receipts. A closed circle....

Inflation became continuous and persistent. Its unrestrained growth is accompanied by an equally abrupt price rise in the domestic market--just during the time of our 1-week stay in Yugoslavia, we witnessed the next large jump in prices for meat (26 percent) and for rail fares (an average of 47 percent)--and, as a result, by a reduction in the real income of the population. Is there any need to say that those with low wages and pensions pay for the high level of inflation? Just to make ends meet somehow under the

conditions of inflation, 68 percent of Yugoslav families now have to think about supplemental income on the side.

And that is not so simple. More than 1 million people are seeking work in the country. At the same time, one must take into account that just as many, including family members, are temporarily working abroad--primarily in the FRG and Switzerland.

The way out of the situation, as they see it here, is in the reorientation of the entire national economy toward exports, in its complete restructuring. A very imposing commission that went down in history under the name of its chairman S. Kraigher, then head of state, worked for a year and a half. Most of its proposals became the basis for the "Long-Term Economic Stabilization Program" adopted in Yugoslavia.

Its adoption and later realization have not gone smoothly. Discussions, doubts and vacillation held up the start of the implementation of the program for at least 2 years, as we were told. This is why Yugoslav communists--we have in mind those with whom we met--are putting such great hopes on the decisions of the 13th LCU Congress. These decisions require unity and responsibility. They determine the strategic task of the party--against the dismembering of the economic system and the isolation of the republics and regions.

But what caused such a contradictory and--for part of the public--negative attitude toward the stabilization program? It provides for management conditions much stricter than before.

Have there already been real changes? Yes, affirmed our interlocutors. They worked out the procedure for the receipt of foreign credits and are repaying the interest on time, even though the repayment of the latter, that is, the interest and not the principle, still eats up two-fifths of the country's foreign exchange receipts. They are striving to refinance (defer the repayment of the principle) so that they can still have enough foreign exchange for new technology and raw materials. A new law has been passed on planning and they are more and more often turning to economic categories. They proceeded from the real rate of the dinar so that it would be advantageous for the enterprises to work for export. And from real--higher--interest rates for obtaining loans in their own banks. Henceforth the enterprises can use them only on an economical basis (turning the capital over quickly and at a high rate of interest).

And still another complex task is that of eliminating the backwardness of individual republics and regions--not by holding back the advanced areas but by accelerating the development of those lagging behind. Previously federation appropriations played a fundamental role here. In places, however, having received large sums, they often took on grandiose but not very well-considered projects that turned out to be ineffective.

Here they think that it is necessary to establish a situation where the appropriations for acceleration would unite the republics and regions. It is best of all when the enterprises themselves are involved in this, opening up

their own branches and creating new production capacities in economically backward regions. Today, in the opinion of Yugoslav comrades, this is perhaps the most efficient and effective sort of economic integration in the country.

At the "Krushik" Combine, we were informed of precisely such capital investments. The combine itself is located in the city of Valevo in southwest Serbia. And it is building new plants of its own in other regions, in particular in Montenegro. It is discussing the possibility of similar construction--its own project, with training of local personnel--in Kosovo.

"Krushik" manufactures textile machines, storage batteries, and water supply fittings. It is also cooperating closely with the Soviet Union in the organization of the CEMA "Interelektro" and in bilateral relations (research institutes in Moscow and Leningrad).

It must be said that we were not especially looking for examples of Yugoslav-Soviet cooperation but we encountered them literally at every step and in the most varied regions of the country. Titovo-Uzhitse is a brother city of Kursk and Ukrainian scientists took part in the archeological excavations near Valevo.

Still another surprise was waiting for us in Valevo. It turned out that one of the agricultural specialties of the surrounding district is the growing of plums. Probably not everyone knows that in the production of prunes Yugoslavia is in second place in the world behind the United States. A significant share of them are exported to the Soviet Union. In Valevo, the compact and wonderfully equipped Serbiyanka Factory was shown to us by its director, Ratomir Tomich. The automatic lines set up here process the entire harvest of prunes, raspberries and other fruits and berries. In Yugoslavia, they are not carried away with the construction of large-scale enterprises. An extensive network of produce procurement centers and small factories makes it possible to deliver to the consumer practically everything that is grown in excellent condition.

Up-to-date plants and factories (what does just one storage-battery plant in Krushik Combine cost!), stable and qualified work collectives, enterprising and skillful young managers.... We understood that they were showing us the best (this is natural), the ones who were able not only to withstand the difficult times but to make progress. We wanted to delve deeper into their work and concerns and spend more time in Valevo. But time was short and other cities and new meeting were waiting for us ahead.

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CSO: 1825/90

EASTERN EUROPE

CPCZ SECRETARY JAKES ON CZECH ECONOMIC DEVELOPMENT

Moscow EKONOMICHESKAYA GAZETA in Russian No 35, Aug 86 p 20

[Article by M. Jakes, secretary of the Communist Party of Czechoslovakia, member of the Presidium of the Central Committee of the Communist Party of Czechoslovakia, : "CSSR: The Dynamism of Development"]

[Text] The workers of Czechoslovakia have embarked on a systematic realization of the strategic policy of accelerating economic and social development of the republic as worked out by the 17th CPCZ Congress held in the spring of 1986. The objective of this strategy is to ensure further growth of the living standard of the population and to strengthen its social certitude.

Initial Advances

As pointed out at the Czechoslovak Communist Congress, the republic's workers in the past 15 years attained major heights in all spheres of economic life. Gross national income size in 1985 exceeded the 1970 level by 81 percent and reached 620 billion koronas. Industrial production growth was 97 percent, agricultural--33 percent. Public labor productivity in 1985 surpassed the 1970 level by 70 percent. The population's real monetary income has more than tripled in the past 15 years.

These achievements did not come easily. We were obliged to overcome the consequences of a crisis development in the party and society caused at the end of the '60s by rightist forces with the direct support of international reaction. In the Seventh Five-Year Plan, our progress was slowed down but not stopped as the result of the negative effect of the extremely complex development in the sphere of world politics and economy.

Under these conditions, the economic strategy of the CPCZ, aimed at the mobilization of internal reserves and the development of all-around cooperation with the Soviet Union and other CEMA member countries fully justified itself. In 1985, their share amounted to 72 percent of the volume of the republic's foreign trade compared to 65 percent in 1980. Foreign-trade volume with the largest partner, the Soviet Union, during the 7th Five-Year Plan amounted to 55 billion rubles (46 percent of the republic's entire

foreign-trade turnover) and in the 8th Five-Year Plan will reach 73 billion rubles. The process of specialization and cooperation with the USSR and other CEMA countries underwent further development. The share of cooperative and specialized machine-building production in our exports to the USSR amounted to 55 percent.

Work has continued on the structural reorganization of the national economy. Nonetheless, the results achieved still do not meet our requirements. The chief reason for the low rate of intensification of the national economy is a slow introduction of the achievements of science and technology, a low level of renewal of production and technology and the not always satisfactory quality of goods.

In recent years, stable results have been attained in agriculture, although the percentage of losses in the course of harvesting, storage and especially in processing of produce is still high.

It may be considered a significant achievement that the republic is able to repay previously acquired credit in freely convertible exchange.

#### Tasks of the New 5-Year Plan

During the 8th Five-Year Plan, it is planned to secure an 18-19 percent growth. At the same time, it is stipulated to reduce materials intensiveness of the gross social product by no less than 5 percent. We see that our task is to secure a national-income growth with the same volume of resources as in 1985. A 92-95 percent national-income growth should be secured through labor-productivity growth. This would make it possible to allocate during the 8th Five-Year Plan for personal and public consumption and capital investment 75 percent of national-income growth compared to 25 percent in the 7th. A total of 2.5-fold more capital investment than in the preceding 5-year plan is being allotted for the solution of ecological problems.

The realization of the new tasks makes vital structural reorganization and modernization of the national economy and reduction of material and power outlays on the creation of a unit of national income. For example, we need to make changes in the fuel and power complex in favor of atomic energy and gas in place of coal. The proportion of electric power stations operating on mineral fuel will gradually be reduced and at the same time the role of atomic electric power stations will grow. In 1990 it should produce 30 percent and by the end of the 5-year plan more than half of the entire volume of electric power generated in Czechoslovakia. Considerable attention will be devoted to economy of energy. The state special goal program for fuel and energy economy has this for its aim.

We shall give preference to the development of less energy-intensive sectors and to curtailment of the growth of those which require large outlays of fuel-power and raw-material resources. For example, electrical-equipment production during the current 5-year plan should increase by more than 60 percent and its share in machine building from 19.2 to 23.8 percent. On the whole, machine building will grow by more than 30 percent, while the

production of fuel and the production of metallurgical products, construction materials and the base chemical industry will have to be reduced.

In metallurgy, a goal has been set on the basis of introducing energy economical technologies to increase the share of production of progressive materials with reduction at the same time of use of steel and iron. Steel output in Czechoslovakia is quite high. It reaches one ton per capita, while in the FRG and Austria it amounts to 580 kilograms. At the same time, it is necessary to take into account the fact that we import the primary raw material.

In the chemical industry, special attention will be paid to the development of small-tonnage chemistry and the production of special chemical products. Great importance is attached to the more effective use of secondary raw materials and to the introduction of waste-free technologies.

The requirement of structural changes and modernization of the production and technical base determines the main direction of investment policy. A significantly larger portion of capital investment will be allotted for the reconstruction and modernization of existing facilities and equipment and for the introduction of high-efficiency technologies. On the whole, capital investment in the 8th Five-Year Plan will amount to 900 billion koronas, or 27.6 percent of the gross national income. The task is to ably use these funds and to overcome as quickly as possible continuing existing negative phenomena, such as, for example, the high degree of scattering of facilities under construction, dragging out construction time periods.

The necessity of intensification fully applies to agriculture. Despite attained successes, creating favorable conditions for the country's self-provision of food products, there are still things to be worked on in this sphere. In provision of an optimal level of animal husbandry, developing for the most part on its own fodder base, the main attention will be concentrated on development of crop growing. During the 8th Five-Year Plan, it is planned to bring up annual grain production roughly to 11.5 million tons with an average yield of 44.2 quintals per hectare.

It is planned to secure higher agricultural efficiency primarily through the use of achievements of science and technology, the introduction of cost accounting, increased material interest and reduction of production expenditures.

As of 1 January 1986, implementation was begun of new measures in agriculture pertaining to planning and management. The role of economic levers is being increased in the mobilization of internal reserves and improved product quality. The plan provides only two obligatory indicators: deliveries of grain and of meat. All the other agricultural products (milk, vegetables, potatoes and others) are produced and supplied on the basis of contracts between agricultural enterprises and processing and trade organizations.

## Priority Directions

We consider the key question in intensification of the national economy to be introduction into practice of achievements of science and technology. We can optimally develop and utilize science and technology in Czechoslovakia only on the condition of constantly expanding cooperation with the Soviet Union and other socialist countries. Only in this way can we withstand the ever fiercer competition in world trade with and economic discrimination by imperialism. We need to determinedly carry out the Complex Program of Scientific and Technical Progress of CEMA Member Countries to the Year 2000. The Communist Party of Czechoslovakia, as underscored at the 17th congress, attaches primary importance to Czechoslovakia's participation in its realization.

Accomplishment of the Complex Program would require further improvement of the operation of CEMA organs and the creation of such an economic mechanism as would contribute to a greater extent to expansion of integrational processes, cooperation and specialization and would present broader possibilities for the use of the still significant reserves latent in the development of direct ties among enterprises and in the creation of joint production and scientific-production associations. We fully support the measures adopted by the CEMA in this direction and in turn have worked out the principles permitting Czechoslovak enterprises to use new forms of cooperation.

The question of primary importance is improvement of planning and management and of the entire economic mechanism. The Czech Communist Party devotes constant consideration to this. Relying on the principles of democratic centralism, the party aims its efforts at raising the quality of central administration with simultaneous expansion of the independence of enterprises and creating space for them for the development of socialist enterprises on the basis of cost accounting and their increased responsibility for the solution of statewide tasks. In this matter, we are widely utilizing USSR experience.

An urgent task is to achieve as quickly as possible changes in economic thinking and in the approach of managerial economic personnel to the solution of the problems facing them. And here we rely on the experience of the Soviet party and state leadership.

Special importance is attached to speeding up the process of renewal and higher quality of production output. For this purpose a whole series of measures is being worked out, including directions for improving price formation, raising the operational efficiency of control organs, developing workers' initiative and stimulating and using the right of control of party organs and organizations over the work of management.

Higher requirements are being made on managerial personnel and on their ability to organize the work of labor collective, to support development of initiative and to ensure the attainment of qualitative indicators. One of the effective forms of solving the quality problem is an initiative of the Revolutionary Trade-Union Movement to launch a competition for the production

of high-quality output, for raising labor productivity by 1 percent and for reducing the expenditure of materials by 0.5 percent.

We closely link attainment of the set goals to improvement of the system of material incentives of workers. It envisages the elimination of wage leveling and the affirmation of the principle of pay according to work results. An effective way of solving this problem is through expansion of brigade organization of labor and pay. Measures are being undertaken aimed at strengthening labor and technological discipline and ensuring efficient management of provided resources. An uncompromising struggle is being waged against such negative phenomena as impairment of state interests, localism, narrow departmentalism, unevenness in plan fulfillment, nonadherence to economic contracts, glossing over flaws, bribery and stealing of socialist property. This struggle receives full support among the country's population.

Czechoslovakia's workers are developing increasingly more broadly their creative activity aiming it at the implementation of the decisions of the 17th CPCZ Congress and at the successful attainment of the targets of the first year of the 8th Five-Year Plan.

In a report of the Federal Statistical Administration of Czechoslovakia on the results of the country's social and economic development in the first half of 1986, it is pointed out that the targets of the state plan relating to the volume and dynamics of production are being fulfilled on the whole. Gross national income for the stated period grew by 3.2 percent. At the same time, it is pointed out in the document, this is less than was designated by the plan--3.5 percent. Compared to the first half of 1985, the volume of industrial production increased by 3.2 percent and construction work by 3.4 percent. Labor productivity in industry grew by 2.6 percent in conformity with the plan.

The volume of foreign trade with socialist countries increased by 2.1 percent, including 2.3 percent with the Soviet Union.

However, the definite attained results do not give the right for self-complacency. We must ensure in the second half of the year unconditional fulfillment of the plan both for growth of national income and for volume of production, especially for indicators of production-output quality.

The decisions of the 17th CPCZ Congress and their support by the workers again confirm that the CPCZ has no higher aim than concern for the well-being of man and for his all-around development and happy life in the world. We see as guarantee of our successful progress on this path the undestructible unity of the countries of the socialist community, wide-scale development of cooperation among them and the fraternal friendship and cooperation with the USSR.

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CSO: 1825/97



CHINA/FAR EAST/PACIFIC

U.S. SAID PRESSURING JAPAN TO SEEK TIES WITH PACIFIC STATES

Moscow PRAVDA in Russian 13 Nov 86 p 5

[Article by Vsevolod Ovchinnikov: "They are Tightening the Noose"]

[Text] In Tokyo they have made a decision to sharply activate relations with the island states of the Southern Pacific. The state of diplomatic and trade representation has been hastily broadened. Trips of influential delegations are being prepared, including a visit by Minister of Foreign Affairs T. Kuranari. In the Japanese Ministry of Foreign Affairs a special staff has been created to coordinate influence in the given region.

Why has Tokyo so suddenly turned its attention to the southern part of the Pacific Ocean? In official circles they do not conceal the fact that this is being done under pressure from Washington, "in order to counteract the penetration of the Soviet Union there." It is necessary, they say, to use all means to maintain the island states within the sphere of Western influence since the Soviet Union has "shown an interest" in them.

Has Moscow really decided to follow the example of Washington: to deploy nuclear weapons on the islands or to create military bases there? Certainly not. "The USSR intends to fish in the U.S.'s turbulent Pacific Ocean waters" stated the CHRISTIAN SCIENCE MONITOR metaphorically. Washington, it explains, dealt slightly with the small island states (it did not want to recognize their rights to the fish resources in the 200-mile economic zone). And here the USSR has concluded an agreement with one of them--Kiribati--in which they are prepared to pay for a license to fish for tuna in its waters.

This was enough to cause such a commotion in CINCPAC Headquarters as if a sudden attack was starting, another "Pearl Harbor." "The Soviet threat has grown impressively", exclaimed Admiral James Lyons. "The agreement with Kiribati is only the beginning. The Russians are taking steps in relations with Fiji and Vanuatu. This forces one to think about the long-range destabilization of the Pacific Ocean, analogous to what occurred in Grenada in the Caribbean Sea."

Admiral Lyons brandished the scarecrow of the "Soviet threat" so zealously that he unwittingly let the secret slip. Of course, it is not the Soviet tuna fishers that are causing anxiety in Washington and Tokyo. The growth of the anti-nuclear mood in the South Pacific frightens the adherents of the "far eastern NATO": the example of New Zealand not to allow ships carrying nuclear weapons in her ports; the decision of the South Pacific

Forum, which includes 13 states, to conclude an agreement prohibiting the deployment, production and testing of nuclear weapons in the region.

And now they are urgently putting before Tokyo the task: to put pressure on the island states with the help of the neocolonialist recruitment of economic and financial levers. And military measures can be found for the recalcitrant. It was not without cause that the mention of Grenada slipped from the lips of the American admiral.

CSO: 1807/77

CHINA/FAR EAST/PACIFIC

DPRK, SOVIETS SIGN TIMBER PROCUREMENT AGREEMENT

Moscow LESNAYA PROMYSHLENNOST in Russian 23 Oct 86 p 3

[Text] TASS. Cooperation between timber procurers of the Soviet Union and the Korean People's Democratic Republic (DPRK) is growing and becoming stronger. Representatives of the Dallesprom Association and the DPRK timber procurement delegation signed an agreement on international competition between these labor collectives.

An agreement on timber procurement and raw material production for the cellulose and paper industry by Korean workers and specialists using Soviet equipment on the territory of the Soviet Far East has already been in effect for 20 years. The huge enterprises which were set up have produced during this time over 70 million cubic meters of valuable commercial timber, about half of which was shipped to the DPRK.

Friendly, business relations, which promote the meeting of the targets established for the collectives by the 27th CPSU Congress and the 6th Congress of the Workers Party of Korea, have been established in the international collectives. The international socialist competition which is being developed can significantly increase and expand cooperation between the Soviet and Korean collectives.

CSO:1825/32-P

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

TUDEH PARTY STATEMENT ON 'OPPRESSION' IN IRAN CITED

NC171318 Moscow Radio Peace and Progress in Persian to Iran 1630 GMT 16 Nov 86

[Text] The Iranian Tudeh Party statements published in the party's world news bulletin points out that Iran's ruling circles are trying to achieve an absolute concentration of legislative, executive, and judicial power in their bloodthirsty dictatorship in the hands of one person and his closest associates. Obviously this goal can be achieved only by removing heterodox elements from the political scene and by resorting to force and aggression against the dissatisfied masses.

A police state that exercises strict supervision and control, that intervenes in the private lives of citizens, whom it blatantly deprives of democratic rights and freedoms, and a regime that persecutes, arrests, tortures, and executes patriots--this is the bitter reality in Iran today.

This kind of approach to the issue of the Iranians' rights and freedoms, which ignores these people's interests, desires, and wishes, is very obvious in all aspects of life in Iran today. The rights of workers, farmers, and craftsmen are being constantly and regularly violated because the rulers are the guardians of the interests of capitalists, big landlords, and even foreign investors. Women, who form more than half the population, are deprived of virtually all political and personal rights. National and religious minorities are the targets of aggression and oppression. The religious dictatorship has gone so far as to fully annihilate national culture that dates back thousands of years, while it continues its intervention and oppression, on a vast scale, in the name of superstition and medieval traditions that impede social progress and evolution. Ambitious elements that have come to power are fooling the people and nurturing a spirit of hostility toward knowledge and a negative attitude toward history, the language, culture, and art.

Iran's ruling circles couple their propaganda with anti-communist slogans and seek to nip the buds of democracy that have sprung up since the Iranian revolution. Terrorism, persecution, and illegal interrogations and investigations are all part of the Iranian regime's official policy. Committees have become organs of the police, facilitating the establishment of several new suppressive spy organizations that have turned the lives of hundreds of thousands of Iranians into hell. Free thought is punished with

unprecedented harshness. Iran's prisons are filled with genuine strugglers who fought for the people's interests, for democracy, and for the Iranians' civil rights. Religious tribunals send young men to the gallows by the score. Physical and psychological torture has become the norm in Iran's dungeons. Meanwhile, it should be said that the (?main) executioners are the selfsame experts of the shah's secret services, rehired by the present leaders. More than 400,000 people have so far been murdered by insane criminals in Iran's prisons. Secret reports from Iran state that during the past month alone 700 died or were killed by torture in prison.

When we assess all these realities, the only conclusion that can be drawn is that the present regime has turned Iran into a prison for millions, a prison where there is no crime against the inmates from which the wardens will refrain. Many facts are coming to light now. Reactionary circles that came to power after the heroic and brave struggles of the Iranian people against the despotic monarchy and its mentor, U.S. imperialism, resorted to demagoguery to gain absolute control, and have impoverished the Iranian masses and robbed them of their future. They have committed treachery against the Iranian masses who shed their blood in the revolution--a revolution that took place in the interests of the people. The regime that was established (?by reaction) has brought nothing but poverty, unemployment, destitution, police terror, corruption, and (?oppression). It is impossible to be an indifferent spectator when such crimes are being perpetrated against a nation.

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~~SECRET~~ AFRICA

MOSCOW TV DOCUMENTARY ON UNDECLARED WAR IN ANGOLA

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[Editorial Report] Moscow Television Service in Russian at 0525 GMT on 11 November carries a documentary film entitled "Angola in the Footsteps of an Undeclared War" on the occasion of Angolan National Day.

The documentary begins with shots of a map of Angola cutting to a general view of the countryside, dancers at a carnival and then cutting to shots of mourners, dead bodies in Camabatela with narrator saying that Angola is paying with the blood of innocent people for having aspirations of progress, happiness, and independence. He adds that the imperialist forces led by the United States have not given up their attempts to sway the new republic from its chosen road.

While video provides shots of Luanda, the narrator says that this is the capital of a country almost the size of Western Europe. He speaks about the progress made by Angolans since the revolution with video showing young people in the streets, small children in a classroom, followed by shots of farmers working in a banana plantation and plowing a field with the aid of a tractor. Video shows machinery at an enterprise, MPLA [Popular Movement for the Liberation of Angola] Labor Party meeting, workers at shipyard handling freight. Video cuts to shots of a serviceman with an AT rocket launcher; shots of South African armored vehicles and soldiers operating near the Namibian border in April 1985; and shots of damaged buildings in the capital of Cunene Province.

Video shows helicopter flying over area abandoned by South Africans, shots of a checkpoint with narrator saying that a South African observation tower is located on Angolan soil and that the demarcation line has been arbitrarily drawn by the South African authorities on Angolan territory. Video cuts to shots of a correspondent speaking about South African soldiers stationed on Angolan and Namibian territory. Video shows a year-old clip on South African armored vehicles entering Angola for their September 1985 offensive cutting to shots of Angolan soldiers with assault rifles and machineguns.

Video then shows the Cunene provincial commissar speaking about the situation in the south of the country, about large-scale South African aggression with shots of South African armored vehicles and helicopters; shots of damaged buildings in Cahama; and shots of Angolan soldiers and antiaircraft guns.

Video then shows a brigade chief of staff speaking about the South African attack on Cahama and about Angolan soldiers destroying U.S. military equipment. Video shows U.S. and NATO military ammunition captured from the enemy, documents, photographs of South African soldiers killed in action, cutting to shots of the South African Army's 32d Battalion operating on Angolan soil.

Video cuts to shots of a captured South African special service officer speaking at a press conference about preparations for the (ARGON) operation with video cutting to shots of an oil field installation in Cabinda Province, cutting to shots of a military officer speaking about the South African operation against the Cabinda Gulf Oil Company. Video cuts to shots of various types of magnetic, incendiary bombs and other equipment intended for use against oil field installations. Video shows American company manager (Peter Smith) being interviewed by a Soviet correspondent about the South African operation against the Cabinda Gulf Oil Company; includes shots of two merchant ships blown up by South Africans in Luanda Port and other damage caused in Luanda and other places with narrator comparing South African actions in Angola with U.S. operations in Vietnam.

Video then shows samples of arms being supplied to UNITA [National Union for the Total Independence of Angola] by the Republic of South Africa [RSA]. Video provides aerial shots of destruction caused by UNITA bandits in various parts of Angola, including Longonjo in the center of the country; shots of witnesses describing UNITA attacks; and shots of children at a refugee camp. Video shows helicopter bringing wounded to Luacane, a city on the frontline, with narrator saying that UNITA operated in Moxico Province until recently with RSA help. Video cuts to shots of refugees from UNITA-controlled territory telling a Soviet correspondent about UNITA actions; shots of Luacane Municipal commissar speaking about the plight of refugees; shots of Angolan soldiers and armored vehicles with narrator talking about the liberation of Cazombo City. Video shows Angolan soldiers firing mortars against bandits 120 kms from Luanda; shots of helicopters bringing in ammunition and other supplies for soldiers; shots of MI-24 helicopters in action against bandits in a forest; shots of Angolan soldiers capturing a girl carrying bombs and fuses; shots of young people who were forced to work for UNITA; and shots of UNITA members being interviewed in Huambo City about their activities and their training. Video cuts to shots of men in military training; photos of Savimbi; old Portuguese banknotes and coins; and arms captured from UNITA. Video shows Savimbi speaking at a meeting in his hideout in Cuando Cubango Province with narrator speaking about Savimbi's ambitions and demagogy and about his serving first the Portuguese and then the Americans and the South Africans. Video cuts to shots of bodies, reportedly people killed by UNITA, and shots of helicopters bringing in wounded people including children.

Vodeo then shows Savimbi meeting President Reagan, Secretary of State Shultz, and Defense Secretary Weinberger in Washington with narrator saying that Weinberger assured Savimbi of new arms. Video shows Savimbi addressing his soldiers.

Video cuts to shots of an anniversary procession in Luanda; shots of dos Santos addressing a meeting; shots of Angolan soldiers at an anniversary parade, with narrator speaking about aid from the Soviet Union, Cuba, and other socialist countries to Angola and about the solidarity and support of African states and all progressive forces. Film ends with shots of Angolan soldiers patrolling a road in trucks.

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SUB-SAHARAN AFRICA

BRIEFS

GUINEA AGENCY PRESS INFORMATION--Conakry, 3 November--The first TASS reports have come through on the teletype machines of the Guinea Press Agency (AGP). The direct TASS-AGP link has been set up in line with an agreement signed here on information exchange. The Soviet side has given the Guinea agency the necessary equipment and will provide assistance in training technical cadres. Noting the high level of Soviet-Guinea relations in various spheres, Zainoul Aboudine Sanoussi, secretary of state to the president for information and culture, stressed that TASS is one of the world's first news agencies to establish cooperation with the recreated AGP. The exchange of information will promote the further strengthening of mutual understanding between the Guinea and Soviet peoples and will serve objective coverage of both countries' lives and international events, he noted. [TASS report: "Cooperation in the Information Sphere"] [Text] [Moscow IZVESTIYA in Russian 4 Nov 86 Morning Edition p 5 PM] /12913

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